



SENATE FISCAL OFFICE
REPORT

FY2024 BUDGET AS ENACTED

2023-H-5200 SUBSTITUTE A AS AMENDED

INCLUDING FY2023 REVISED BUDGET

AUGUST 30, 2023

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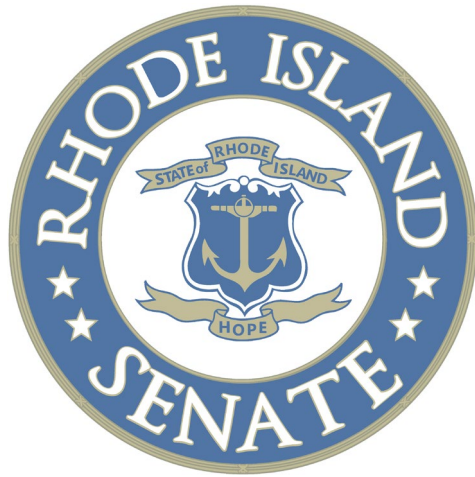
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EXECUTIVE SUMMARY

Executive Summary

The Budget represents the \$14.0 billion spending plan for the State for the fiscal year ending June 30, 2024, (FY2024). Also included is the revised spending plan for the current fiscal year ending June 30, 2023, (FY2023). 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	FY2023 Enacted	FY2023 Governor	FY2023 Supp.	Change to Governor	FY2024 Governor	FY2024 Budget	Change to Governor
General Revenue	\$5,042.2	\$5,266.6	\$5,174.2	(\$92.4)	\$5,302.8	\$5,425.1	\$158.5
Federal Funds	5,708.4	5,951.3	5,825.9	(125.4)	5,526.0	5,643.0	(308.3)
Restricted Receipts	453.5	470.1	475.9	5.9	386.8	392.1	(78.0)
Other Funds	2,398.4	2,450.0	2,378.8	(71.1)	2,535.4	2,550.6	100.6
Total	\$13,602.5	\$14,138.0	\$13,854.9	(\$283.0)	\$13,751.1	\$14,010.8	(\$127.2)
FTE Authorization	15,455.5	15,463.5	15,463.5	-	15,591.5	15,636.9	45.4

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

GENERAL REVENUE SURPLUS STATEMENT

	FY2022 Audited	FY2023 Enacted	FY2023 Supplemental	FY2024 Budget
Opening Surplus				
Free Surplus	\$374,425,433	\$10,345,571	\$209,649,745	\$368,706,714
Reappropriated Surplus	8,446,365		19,442,046	
Adjustment to Opening Surplus		278,859,677	37,664,293	
Adjustment to Fund Balance	155,277,927	0	243,669,100	5,055,846
Subtotal	\$538,149,725	\$289,205,248	\$510,425,184	\$373,762,560
Revenues				
Enacted/Actual/Estimated	5,204,244,069	4,901,451,905	4,901,451,905	4,892,968,406
Governor			309,799,723	382,466,893
Assembly			(12,051,628)	839,989
Total Revenues	\$5,204,244,069	\$4,901,451,905	\$5,199,200,000	\$5,276,275,288
To Cash Stabilization Fund	(167,360,085)	(147,353,924)	(162,265,492)	(169,349,460)
From Cash Stabilization Fund				
Total Available Resources	\$5,575,033,709	\$5,043,303,229	\$5,547,359,692	\$5,480,688,388
Expenditures				
Actual/Enacted/Current Svcs.	5,239,941,918	5,042,159,928	5,042,159,928	5,064,100,172
Governor			224,410,565	238,678,553
Assembly			(92,361,959)	122,361,704
Total Expenditures	\$5,239,941,918	\$5,042,159,928	\$5,174,208,534	\$5,425,140,429
Total Surplus	335,091,791	1,143,301	373,151,158	55,547,959
Transfers	(106,000,000)		(4,444,444)	(55,000,000)
Transfer from Rainy Day Fund				
Reappropriations	(19,442,046)			
Free Surplus	\$209,649,745	\$1,143,301	\$368,706,714	\$547,959
Rainy Day Fund	\$278,933,475	\$245,589,874	\$270,442,487	\$282,249,100

REVENUE CHANGES:

- **Suspension of the Public Service Corporations Tax:** Provides a rebate on the collection of the public service corporations tax (PSCT) on gross receipts of electric and gas utilities for the period of December 2023 through March 2024. Public utilities would continue to collect and remit taxes but will be required to provide a credit to commercial and residential customers for the stated period, effectively reducing their bills during that time. The initiative is estimated to save customers \$35.6 million.
- **Earned Income Tax Credit Increase:** Increases the State's earned income tax credit (EITC) from 15.0 percent of the federal credit amount to 16.0 percent, beginning in Tax Year 2024.
- **Scholarship Organization Tax Credit Cap Increase:** Increases the program cap on the State's contribution to scholarship organizations tax credit from \$1.5 million annually to \$1.6 million.

GENERAL GOVERNMENT:

- **Supplemental State Budget Reserve Account:** Requires the State Controller to transfer \$55.0 million to the Supplemental State Budget Reserve Account by July 14, 2023 (FY2024). Article 2, Section 2 establishes the new budget reserve account to provide additional reserve funds that can be appropriated when a general revenue deficit occurs. Expenditures from the supplemental account would be subject to the same limitations as the existing Rainy-Day Fund, and deposits are subject to appropriation.
- **Defeasance of Existing Debt:** Allocates \$35.0 million in general revenue from surplus funds to retire existing State debt, resulting in future annual debt service savings of \$4.5 million.
- **ARPA CPF: Municipal and Higher Education Matching Grant:** Repurposes \$35.0 million in ARPA Capital Project Funds originally for the planned construction of a Student Services Center at Rhode Island College, to the ARPA CPF Municipal and Higher Ed Matching Grant Program. This results in a total appropriation of \$58.4 million in FY2024.
- **ARPA SFRF – Electric Heat Pump Grant Program:** Includes \$20.0 million in federal ARPA SFRF to funding to provide grants for low and moderate-income households and community organizations to purchase and install energy efficient electric heat pumps.
- **Large Systems Initiatives Fund:** Establishes a new fund similar to the current Information Technology Investment Fund for the purpose of implementing and maintaining enterprise-wide software projects. The Budget appropriates \$13.0 million from the FY2022 general revenue surplus, of which \$8.0 million will be additional funding for the Comprehensive Child Welfare Information System (CCWIS) information technology project. In addition, \$5.0 million will be allocated to the Gateway to Government, to expand the current Digital Government pilot program to transition licensing processes to a paperless platform.
- **ARPA SFRF: Public Safety Infrastructure:** Includes \$11.0 million in federal funding for a new initiative to provide matching support to cities and towns to make significant public safety facilities infrastructure improvements including new construction. Funding priority shall be based on project readiness and limited to those for which the total costs exceed \$1.0 million. Matching funds to any municipality will be limited to \$5.0 million for projects that serve a regional purpose and \$1.0 million for others.
- **National Electric Vehicle Infrastructure Formula Program:** Adds \$4.0 million in other funds reflecting an operating transfer for federal funds awards to the State under the National Electric Vehicle Infrastructure Formula Program (NEVI Formula), to provide funding to States to strategically deploy electric vehicle (EV) charging infrastructure and to establish an interconnected network to facilitate data collection, access, and reliability.

- **Wrongful Conviction Awards:** Includes \$250,000 in general revenue as a placeholder for wrongful conviction payments for anyone who was wrongfully sentenced to prison for more than one year, to petition the presiding justice of Rhode Island Superior Court for compensation and damages.
- **MBE/WBE Compliance Management System:** Adds \$250,000 in general revenue to establish a Centralized Cloud Based MBE/WBE Compliance Management System to replace the current paper-based process.
- **Council for the Humanities:** Includes \$100,000 in general revenue to support the Rhode Island Council for the Humanities. The Humanities Council was established in 1973 as an independent state affiliate of the National Endowment for the Humanities (NEH). The Council provides grant support for humanities research, education, and programs, to individuals and organizations including schools, libraries, and museums.
- **Microgrid Tariff Development:** Adds \$100,000 in restricted receipts for the Public Utilities Commission (PUC) to hire additional expert(s) to manage the process to develop a microgrid services tariff. The PUC will contract a consultant to lead the stakeholders.
- **Sustaining the Social and Human Service Programs Rate Review:** Includes \$590,829 in general revenue to continue supporting the social and human services rate review managed by the Office of the Health Insurance Commissioner.
- **Gateway to Government:** Shifts \$7.6 million in funds to the Department of Administration to support a digital government pilot program that aims to transition licensing processes toward an online, paperless system.
- **Case Management System:** Includes \$40,000 in general revenue for the Rhode Island Ethics Commission to implement a new conflict free, case management system.
- **Enhanced Real Jobs:** Advances \$10.0 million in ARPA SFRF to FY2024 from FY2025 for the Department of Labor and Training's Enhanced Real Jobs initiative, reflecting a \$20.0 million appropriation in FY2024 and \$30.0 million in total ARPA SFRF.
- **Skills for Rhode Island's Future:** Reduces general revenue by \$6.0 million to reflect the FY2023 one-time appropriation for the Department of Labor and Training's Skills for Rhode Island's Future program.
- **Office of Community Engagement:** Provides \$100,000 of general revenue to support the newly established Office of Community Engagement within the Department of Labor and Training.

ECONOMIC DEVELOPMENT:

- **Rhode Island Life Science Hub:** Establishes a new quasi-public corporate entity of the State for the purposes of coordinating state investment and strategy around the life sciences economic sector. Called the Rhode Island Life Sciences Hub (Hub), the entity will be the central body and coordinating organization of life science initiatives in the Rhode Island. Includes \$45.0 million in federal State Fiscal Recovery Funds for the Hub.
- **Rebuild RI Program Changes:** Increases the total amount of tax credits and sales tax exemptions that may be issued from \$210.0 million to \$225.0 million.
- **First Wave Closing Fund:** Provides \$10.0 million in general revenue for the First Wave Closing Fund to support economic development by providing last dollar "gap financing" for certain types of projects.
- **Wavemaker Fellowship Program Expansion:** Expands the Wavemaker Fellowship program to include teachers and provides \$4.0 million in funding.

- **Innovation Initiative:** Modifies the Innovation Initiative incentive program by increasing the maximum voucher awards from \$50,000 to \$75,000 and provides \$1.0 million for the program.
- **Main Streets Revitalization Program:** Includes \$1.0 million in SFRF funds to support investments in main street improvements.
- **Minority Business Accelerator Program:** Provides \$4.0 million support investment in additional resources that enhance growth of minority-owned businesses.
- **Port of Davisville Improvements:** Provides \$59.0 million in FY2024 to expand the development of port infrastructure and services at the Port of Davisville in Quonset.
- **South Quay Marine Terminal:** Provides \$35.0 million to support the development of a port facility to support the offshore wind industry in East Providence. Funding is contingent upon matching funds being acquired by February 1, 2024.
- **Broadband:** Includes \$9.6 million in FY2024 to support investments in projects that provide high-speed, reliable internet to all Rhode Islanders.

HOUSING:

- **Low-Income Housing Tax Credit Program:** Creates new \$30.0 million/year tax credit program intended to increase the development of affordable housing in the State.
- **Housing Organization:** Expands the powers and authority of the Secretary and Department of Housing and establishes a new affordable housing development subsidiary within RIHousing.
- **Targeted Housing Development Program:** Includes \$31.0 million in federal SFRF funds in FY2024 for a new Targeted Housing Development program. The program will support the development of develop housing in targeted areas and/or priority projects, including permanent supportive housing, housing dedicated to vulnerable Rhode Islanders, transit-oriented housing, and other priorities.
- **Housing Related Infrastructure:** Includes \$4.3 million in federal SFRF funds in FY2024 for a new Housing-Related Infrastructure initiative. These funds are to be allocated to the Rhode Island infrastructure bank as established in RIGL 46-12.2 or another entity designated by the Secretary of Housing to support physical infrastructure that is necessary to produce additional housing.
- **Municipal Homelessness Support Initiative:** Includes \$2.5 million in federal SFRF funding to support new municipal homelessness support program. The new program provides grants to for community services that would help emergency shelters improve outcomes in local communities.
- **Municipal Planning:** Provides \$2.3 million in SFRF funding for a new program supporting municipalities around affordable housing planning and implementation.
- **Proactive Housing Development:** Includes \$1.4 million in federal SFRF funds in FY2024 for a new initiative that supports proactive development activities, including staffing, that are conducted by the enhanced subsidiary of the Rhode Island housing and mortgage finance corporation established under Article 6 of the Budget.
- **Preservation of Affordable Housing:** Includes \$500,000 in federal SFRF funds for a new program supporting the preservation of existing structures for affordable housing, particularly for properties at risk of foreclosure or blight.
- **Development of Affordable Housing:** Includes \$55.0 million in SFRF funds for additional investments in the development of affordable housing units.
- **Down Payment Assistance:** Includes \$20.0 million in SFRF funds in to fund a program that provides down payment assistance to eligible first-time homebuyers.

- **Site Acquisition:** Includes \$10.0 million in SFRF funds to be used to acquire properties for redevelopment as affordable and supportive housing. Funds are to be administered by RIHousing.
- **Community Revitalization:** Includes \$10.0 million in SFRF funds to support the acquisition and redevelopment of blighted properties and also supports critical home repairs within the certain communities.
- **Housing Stability:** Includes \$13.0 million in SFRF funds to support stabilization services that address homelessness.
- **Workforce Housing:** Includes \$8.0 million in SFRF funds to support the increase the housing supply affordable to families earning up to 120 percent of area median income.
- **Affordable Housing Predevelopment Program:** Includes \$7.5 million in SFRF funds to support the predevelopment activity necessary to build a pipeline of affordability housing projects and improve the capacity of affordable housing developers to expand production.
- **Homelessness Infrastructure:** Includes \$30.0 million in SFRF funds in FY2024 to support programming that addresses homelessness, including the acquisition/construction of temporary or permanent shelter-based and/or housing-based solutions, wrap-around services and implementation costs.

EDUCATION

- **Education Aid:** Increases formula aid to the districts, charter schools, and state schools by \$24.5 million to fully fund the formula. The new Enrollment Transition and Poverty Loss Stabilization Funds provide an additional \$19.4 million and \$5.7 million, respectively. An additional increase of \$33.3 million is provided through categorical aid, including \$10.5 million for High-Cost Special Education and \$14.4 million for English Learners.
- **School for the Deaf:** Provides 1.0 new FTE speech language pathologist at the RI School for the Deaf.
- **RIDE - Special Education - IEP Facilitation:** Provides 3.0 new FTE positions and professional development to facilitate Individualized Education Programs (IEPs).
- **School Construction:** Removes the cap limiting the increase in a district's state share to one half for projects submitted for reimbursement after July 1, 2023, thereby allowing lower share ratio communities to reach the 20-percentage point cap.
- **RIDE - Administrative Support Staffing:** Provides 1.0 new FTE Administrative Assistant.
- **RIDE - Assessment Data Professional Development:** Includes 1.0 new FTE Assessment Specialist and \$366,093 for contracted professional services to give RIDE more capacity to meet with districts to help them understand their data and use it toward stronger strategic and school improvement planning.
- **RIDE - EnrollRI and All Coursework Network:** Shifts some of the costs of the EnrollRI platform from expiring federal fund sources to general revenue and supports 1.0 new Education Specialist to manage the enrollment system.
- **RIDE - Pre-K Expansion:** Includes \$300,000 in general revenue to support the expansion of the prekindergarten (Pre-K) program.
- **RIDE - MLL Blueprint Implementation:** Provides 1.0 new FTE Multi-Lingual Learner Specialist position.
- **URI – Operating Support:** Provides an additional \$14.1 million in general revenue toward operating expenses that exceed other available resources.

- **CCRI – Healthcare Workforce:** Adds \$547,295 in general revenue to fund 4.0 FTE positions, within the College’s current staffing authorization, to provide support services and stipends for nursing assistant students, as well as marketing and advertising to recruit and train certified nursing assistants, licensed practical nurses, and registered nurses.
- **RIC - Cybersecurity Center:** Utilizes ARPA SFRF funds to support a new cybersecurity center at Rhode Island College.
- **URI – PFAS Water Treatment:** Appropriates ARPA SFRF funds to support permanent water filtration systems to reduce PFAS contamination.
- **Higher Education Opportunities for Teachers of Color:** Restores \$200,000 to support continuing education for teachers of color.
- **RIC - Hope Scholarship Pilot:** Provides \$4.0 million in general revenue to establish the Hope Scholarship Pilot program beginning with the high school graduating class of 2023 and students enrolled in Rhode Island College (RIC) as of July 1, 2021, who have attained junior status as of July 1, 2023. Increases funds to support the Hope Scholarship Pilot Program through FY2026.
- **RIC - Rhode Island Vision Education and Services Program:** Provides \$1.8 million to support blind or visually impaired students attending Rhode Island Vision Education and Services Program (RIVESP) at the Sherlock Center.
- **OPC – Last Dollar (Promise) Scholarship Fund:** Adds \$300,000 in general revenue for qualified students attending private universities in Rhode Island, increasing the funding from \$1.5 million to \$1.8 million.
- **OPC - Rhode Island Longitudinal Data System (RILDS):** Includes \$575,000 in general revenue, \$466,118 in federal funds, and \$64,000 in restricted receipts to provide sustainable support for the Rhode Island Longitudinal Data System.
- **OPC - RI Reconnect** - Includes \$313,501 in general revenue to support 3.0 new FTE Higher Education Academy – Navigator positions and \$8.0 million in ARPA SFRF funds to expand the RI Reconnect program.
- **OPC - PK-20 Public Education Strategic Plan:** Provides 1.0 FTE position to ease the transition of students from PK-12 into postsecondary education.
- **OPC - ARPA SFRF-Fresh Start: CCRI Scholarship:** provides \$5.0 million to support two years of the new scholarship program, Fresh Start, a one-time scholarship program at CCRI to recover lost enrollment by focusing on adults who have earned some college credit but no degree. This last-dollar scholarship proposal would provide 1,000 adults with tuition and fee support for one semester estimated to regain their momentum and become eligible for federal aid.

LOCAL/MUNICIPAL ISSUES AND AID:

- **Tangible Tax Exemption Initiative:** Provides \$28.0 million in general revenue for a new state aid program that reimburses municipalities for revenue forgone as a result of a new statewide tangible property tax exemption on the first \$50,000 of property value.
- **PILOT at Full Amount:** Fully funds Payment-in-Lieu of Taxes (PILOT) state aid.
- **Library Aid:** Provides \$11.5 million to fully fund the State’s Grant-in-Aid for libraries.

HEALTH AND HUMAN SERVICES:

- **Public Health Emergency – Medicaid Redeterminations (Unwinding):** Includes a net increase in funding of \$650,146, including \$2.1 million in general revenue and \$29,288 in restricted receipts,

partially offset by a \$1.4 million decrease in federal funds for costs associated with the redetermination process. In addition to these adjustments, the Budget provides \$206,160 in general revenue and \$167,265 in federal funds (\$373,325 all funds) to support 3.0 new FTE Appeals Officer positions to manage the higher volume of eligibility appeals anticipated during the redetermination process.

- **Medicaid Management Information System (MMIS) Uncommitted Expenses:** Provides a net reduction of \$1.3 million in general revenue and \$3.6 million in federal funds (\$4.9 million total) in funding for the Medicaid Management Information System (MMIS). The decrease includes a reduction of \$1.6 million in general revenue and \$4.6 million in federal funds in uncommitted expenses for system modifications. This reduction is partially offset by an increase of \$330,000 in general revenue and \$990,000 in federal funds for the MMIS economic adjuster in the contract with Gainwell Technologies.
- **Core Structure Staffing:** Provides \$389,262 in general revenue (\$1.1 million in all funds) to support 7.0 new FTE positions intended to support the core agency structure and increase the legal capacity of the Department of Children, Youth and Families (DCYF), and the Department of Human Services (DHS).
- **CCBHC Rates per FY2023 Law:** Includes \$324,692 in general revenue and \$324,692 in federal funds to support 1.0 FTE Senior Economic and Policy Analyst position and contracted technical assistance to support the costs of reporting and rate setting not funded out the State Fiscal Recovery Funds (SFRF) included for Certified Community Behavioral Health Clinics (CCHBC) in the FY2023 Budget as Enacted. In addition, the Budget provides \$6.9 million in general revenue, \$14.4 million in federal funds, and \$500,000 in restricted receipts (\$21.8 million in all funds) to provide services beginning in February 2024.
- **Children’s Cabinet – Early Childhood Programs:** Shifts \$220,000 in general revenue from FY2023 into FY2024 to facilitate planning, pursuant to EOHHS’ third quarter report.
- **Medicaid Eligibility Quality Control (MEQC) Staff Transfer:** Shifts 3.0 FTE Medicaid Eligibility Quality Control (MEQC) positions, \$186,974 in general revenue, and \$186,974 in federal funds from the Department of Human Services to EOHHS.
- **Hospital Licensing Fee (HLF) Administrative Support:** Provides \$350,000 to provide contracted professional services to support the changes to hospitals, including the Hospital Licensing Fee and managed care direct hospital payments, included in Article 9 of the Budget. An additional \$200,000 is provided in the FY2023 budget.
- **Nursing Facility Minimum Staffing:** Includes \$345,000 to provide contract support for a rate revision required by RIGL 40-8-19. Contractors will review and compile the nursing facility cost reports, develop updated rates under the current state plan methodology, estimate payment impacts, and prepare a final report with a final calculation, and assist with stakeholder engagement and presentations.
- **Medicare-Medicaid Plan (MMP) Ombudsman:** Provides \$339,474 for the Medicaid state match to extend the Medicare- Medicaid Plan (MMP) Ombudsman program, and for consultant support to implement the dual eligible transition plan.
- **Managed Care Directed Payments to Hospitals:** Includes an increase of \$88.3 million in general revenue (\$287.9 million all funds) to support the new managed care directed payments to hospitals.
- **May 2023 Caseload Estimating Conference:** Provides the May 2023 CEC projected increased general revenue expenditures of \$12.2 million in the medical assistance program in FY2024, relative to the FY2023 Budget as Enacted, and a decrease of \$45.7 million all funds.
- **Conflict Free Case Management:** Provides \$6.5 million in general revenue and \$7.9 million in federal funds (\$14.4 million total) to provide person-centered planning (PCP) and conflict-free case management (CFCM) to Medicaid beneficiaries who receive long-term services and supports (LTSS) in a home or community-based setting, as required by federal regulation.

- **Advanced and Basic Life Support Ambulance Rates:** Includes an additional \$2.3 million in general revenue and \$2.8 million in federal funds to increase the Medicaid rates paid for advanced and basic life support ambulance services by an average of 130.0 percent.
- **Labor and Delivery Rates Correction:** Includes an additional \$4.4 million, including \$1.8 million in general revenue and \$2.6 million in federal funds, to bring the rates closer to the intent of the FY2023 Budget as Enacted.
- **Increase Nursing Home Personal Needs Allowance:** Includes \$570,825 in general revenue and \$719,175 in federal funds (\$1.3 million total) to support the increase from \$50 to \$75 per month provided in Article 9.
- **Cedar Rate Increase:** Provides \$551,955 in general revenue and \$667,835 in federal funds (\$1.2 million total) to support a rate increase and adequate pay structure to support and expand the Cedar Family Centers.
- **Sherlock Program - Ticket to Work Program:** Includes \$548,125 in general revenue (\$1.2 million all funds) to expand the Ticket to Work program for eligible social security disability beneficiaries.
- **Equality in Abortion Coverage/Reproductive Justice:** Includes \$536,384 in general revenue to support the expansion of services to Medicaid beneficiaries.
- **RICHIST Replacement Project (federal funds):** Increases federal funds by \$20.4 million for increased project costs for the ongoing replacement project for RICHIST, the DCYF case management information system.
- **Provider Workforce Stabilization Extension (ARPA SFRF):** Includes \$7.9 million, a \$5.4 million increase as compared to the FY2023 Budget as Enacted, for DCYF to continue wage stabilization payments initially intended to stop at the end of FY2023 into FY2024.
- **Foster Home Lead Abatement and Fire Safety (ARPA SFRF):** Includes \$375,000 in ARPA SFRF funds for costs related to lead remediation and fire safety in foster care settings.
- **Provider Rate Increase:** Increases general revenues by \$3.3 million for an expected rate increase resulting from the expiration of contracts for foster and congregate care placement and community-based providers at the Department of Children, Youth and Families.
- **Rhode Island Training School (3.0 FTEs):** Adds \$286,941 and 3.0 FTE positions to the Department of Children, Youth, and Families in response to a recent increase in the average daily population at the Rhode Island Training School.
- **Office of the Child Advocate:** Increases general revenues by \$19,171 to upgrade a vacant position in the Office to a new position focusing on support and oversight for educational outcomes for children in state care.
- **Office of Healthy Aging:** Appropriates a total of \$463,401 in general revenue for elder abuse prevention and elderly services.
- **Eat Well, Be Well:** Reappropriates \$10.0 million to the SNAP retail incentive Pilot known as Eat Well, Be Well.
- **Weatherization:** Appropriates \$2.1 million for energy and weatherization programs at the Department of Human Services.
- **RI Community Food Bank:** Increases funding for the RI Community Food Bank by \$3.1 million in all funds.
- **Personal Needs Allowance:** Increases personal needs allowance from \$50 to \$75.

- **Office of the Medical Examiner:** Increases funds for 1.0 new FTE to assist in DNA database audit.
- **Opioid Crisis Funding:** Includes \$5.6 million in restricted receipts to continue supporting Rhode Island's response to the opioid crisis.
- **COVID-19 Response:** Includes funds to continue supporting COVID response and recovery activities at the Department of Health.
- **Family Child Care Provider Update:** Includes \$2.8 million in federal funds to support the updated State contract with family child care providers (FCCPs), which runs from January 1, 2022, through June 30, 2025.
- **Medicaid Eligibility Quality Control Transfer:** Transfers 3.0 quality control employees to the Executive Office of Health and Human Services. These positions review erroneous excess payments for medical assistance through Medicaid.
- **UHIP PHE Unwinding:** Funds Medicaid redetermination activities during the unwinding phases of the Public Health Emergency.
- **RIVETS Home Staffing:** Includes \$1.8 million to support full capacity within the VETS home.
- **ARPA SFRF Child Care Retention Bonuses:** Includes \$15.0 million in federal funds to continue disbursements of retention bonuses to eligible educators, which highlighted the General Assembly's initiative to increase educator wages and implement stability throughout the sector.
- **Head Start:** Includes \$3.0 million in federal funds to support Head Start classrooms. These funds will prevent the closure of classrooms, while implementing initiatives that increase quality of care and Head Start seats. The Governor's Budget included level funding of \$1.2 million to maintain 130 Head Start seats, and added \$7.0 million in general revenue to prevent the closure of 40 pre-k classrooms and \$1.3 million in general revenue to for 35 new pre-k seats.
- **Free Child Care for Early Childhood Educators:** Includes \$4.0 million to extend CCAP benefits to educators whose income is at or below 300 percent of the federal poverty line. It exempts eligible educators from copayments and allows the flexibility for educators to choose the center their child attends. The Pilot will begin on August 1, 2023 and run through July 1, 2024.
- **Expanding Eligibility to Pregnant Individuals:** Includes \$250,000 to extend RI Works benefits to pregnant individuals from the onset of pregnancy. Current law provides benefits to pregnant individuals who are six months pregnant, therefore, this amendment will provide an extra six months of benefits to eligible pregnant individuals.
- **Developmental Disabilities Rate Remodel:** Adds \$20.9 million in general revenue (\$47.3 million all funds) for increased funding needed for the Developmental Disabilities rate remodel as required by the Consent Decree Action Plan.
- **DSP Wage Increase:** Increases general revenues by \$12.3 million (\$27.7 million all funds) to support the increase of the starting wage for Direct Support Professionals (DSPs) at Developmental Disability Organizations to \$20 per hour from the current rate of \$18 per hour.
- **Consent Decree Implementation Resources (2.0 FTEs):** Increases general revenues by \$495,394 for the hiring of ten personnel related to the Consent Decree and rate remodel. This adjustment reallocates 8.0 vacant FTE positions as well as adding 2.0 FTE positions to the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals.
- **988 Hotline (ARPA SFRF):** Includes \$1.6 million in ARPA SFRF funds to fund the 9-8-8 National Suicide Prevention Hotline as the project continues to search for a permanent funding source.

- **Crisis Intervention Trainings (ARPA SFRF):** Adds \$1.1 million in ARPA SFRF funds to consolidate the Crisis Intervention Trainings program to FY2024 to comply with the U.S. Treasury rules for obligation of SFRF funds.
- **Office of the Child Advocate:** Increases general revenues by \$19,171 to upgrade a vacant position in the Office to a new position focusing on support and oversight for educational outcomes for children in state care.

PUBLIC SAFETY:

- **Air National Guard Facilities:** Includes \$19.0 million in federal funds for various capital projects including the Quonset Airway Runway reconstruction project. The projects include:

<u>Capital Projects</u>	<u>Federal Funds</u>
Runway Reconstruction Project	\$15,000,000
Repair Pavement Flightline Drive	625,000
Emergent Facility Repairs	500,000
Duct Cleaning Basewide	110,000
RIAC Share of Runway Reconstruction Project	2,663,612
Total	\$18,898,612

- **Counter Drug Training Facility:** Includes \$5.3 million in federal Counter Drug Asset Forfeiture funds and \$2.0 million in RICAP funds to construct a 15,722 square foot Counter Drug Training Facility at Camp Fogarty in the Town of East Greenwich. This project utilizes Google Asset Forfeiture federal funds and is listed in the agency’s capital plan for FY2024.
- **15.0 New FTE Positions for Office of the Attorney General:** Authorizes 15.0 new FTE positions, supported by \$1.9 million in restricted receipts for the Office. The additional staff reflect 11.0 FTE Attorney positions, 3.0 Paralegal positions, and 1.0 Investigator position.
- **Non-Multi-State Initiative Restricted-Receipt Account:** Establishes a restricted receipt account titled “Attorney General Non-Multi-State Initiative Restricted-Receipt Account” to be funded with attorney fees recovered from opioid related claims and non-multistate initiatives within the Office of the Attorney General and will be used to finance the Office’s staff as well as other operational expenses.
- **RIBCO Contract Adjustment:** Increases general revenue by \$24.6 million in FY2024 to account for the newly ratified Rhode Island Brotherhood of Correctional Officers (RIBCO) contract in the Department of Corrections.
- **32.0 FTE Positions for the Behavioral Management Unit:** Establishes the Department of Correction’s new Behavioral Management Unit (BMU) and authorizes 32.0 new FTE positions for a net general revenue increase of \$1.4 million.
- **1.0 New FTE Position in Special Services Unit:** Authorizes 1.0 new FTE position for the Department of Corrections’ Special Services Unit to monitor earned time awards for inmates. The position is supported by \$137,023 in general revenue.
- **Vehicles:** Increases general revenue by \$645,000 to replace aging Department of Corrections fleet vehicles. The Department believes that the vehicles currently used are in poor condition, unreliable, and require costly maintenance.
- **Temporary Restraining Order Unit:** Includes \$399,454 and 4.0 new FTE positions within the Family Court to establish a Temporary Restraining Order Unit.

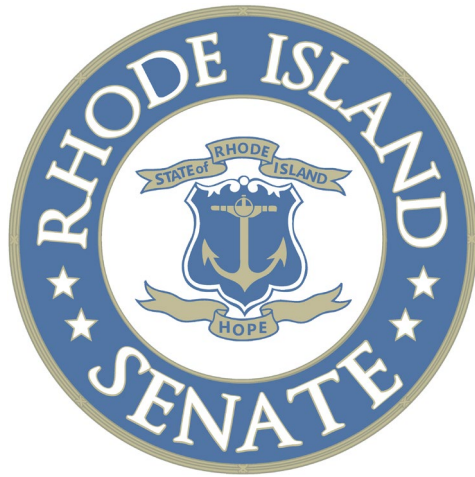
- **4.0 New FTE Attorney Caseload Reduction Initiative:** Authorizes 4.0 new FTE Attorney positions and \$507,148 in general revenue for the Office of the Public Defender in order to reduce the well-documented attorney caseload crisis.
- **Body-Worn Cameras and Vehicle Camera System:** Shifts \$13.5 million in general revenue from FY2023 to FY2024 for the Department of Public Safety’s Body-Worn Camera Project, reflecting the Department’s updated expenditure plan.
- **Support for Survivors of Domestic Violence:** Shifts \$3.5 million in State Fiscal Recovery Funds from FY2025 to FY2024, ensuring compliance with U.S. Treasury rules.
- **Trainee Trooper Salary and Reimbursement of Meals:** Increases general revenue by \$341,729 to raise the biweekly compensation for Trainee Troopers from \$1,300 to \$1,800. Additionally, the Budget eliminates the requirement that Trainee Troopers must reimburse the State for the cost of meals consumed, which is expected to create a \$88,800 general revenue loss.
- **Drug Recognition Expert Training:** Increases general revenue by \$153,000 to finance the training program and certification of 15 additional Drug Recognition Experts (DRE).
- **Digital Forensic Analyst:** Increases general revenue by \$147,850 for a civilian Digital Forensic Analyst position within the State Police Computer Crimes Unit’s forensic lab.
- **Professional Development and Wellness Programs:** Increases general revenue by \$100,000 to fund a Professional Development Program, as well as an Officer Wellness Program.
- **Aquidneck Island Feasibility Study:** Increases general revenue by \$100,000 to finance and conduct a feasibility study to determine the appropriate operational presence of the State Police on Aquidneck Island.
- **Community, Diversity, and Equity Unit:** Increases general revenue by \$85,000 to support overtime costs and programmatic supplies associated with the Department’s Community, Diversity, and Equity Unit.

NATURAL RESOURCES:

- **Farmland Preservation and Conservation:** Provides \$2.5 million in general revenue to re-capitalize farmland acquisition fund for the purchase and protection of farmland in danger of converting to non-agricultural use.
- **Marine Mammal Rescue:** Includes \$150,000 in general revenue and \$350,000 in federal funds (\$500,000 total) to support the rescue and rehabilitation of marine mammals found stranded in Rhode Island waters.
- **100 Acre Pond Invasive Weed Management:** Provides \$100,000 in general revenue funding to address invasive weeds in Hundred Acre Pond in South Kingstown.
- **Conservation Districts:** Provides an additional \$50,000 (\$100,000 total) to the line-item grant award for the Conservation Districts.
- **RIEC4:** Funds the Rhode Island Executive Climate Change Coordinating Council (RIEC⁴) with Regional Greenhouse Gas Initiative auction proceeds.
- **Litter Free Rhody Initiative:** Includes \$100,000 in general revenue for a new program to encourage community involvement in the removal of trash and litter from state parks, beaches, and management areas.
- **Forestry Staffing:** Funds an additional 2.0 FTE forestry staff positions within the existing FTE cap.

TRANSPORTATION:

- **Municipal Roads Grant Program:** Establishes a grant program funded with \$20.0 million in ARPA SFRF administered by the Department of Transportation for municipalities to improve their roads and sidewalks. Participating municipalities will contribute 67.0 percent of improvement costs with the State matching the remaining 33.0 percent.
- **Fee Transfer to the Highway Maintenance Account:** Allocates the remaining license fee revenue (REAL ID fees) that is currently being deposited to the general fund, be deposited to the Highway Maintenance Account. The Department of Revenue estimates that the initiative will divert approximately \$1.0 million from the General Fund to the Highway Maintenance Account, annually.
- **RITBA Safety Barriers Study:** Increases ARPA SFRF funding by \$750,000 to expand the scope of RITBA's Safety Barriers Study. The FY2023 Final Budget includes \$1.0 million for the initiative, which the Authority indicated will only allow for the study of the Jamestown Verrazano and the Mount Hope bridges. The additional funds will allow the Authority to expand the study and add the Claiborne Pell and Sakonnet River bridges.
- **RIPTA R-Line Pilot:** Increases ARPA SFRF by \$750,000 to support RIPTA's R-Line Free Fare Pilot program, which began on September 1, 2022, and concludes on October 1, 2023.



DEPARTMENTAL SUMMARIES

Statewide Adjustments

Centralized Services Correction

\$20.3 million

The Budget increases general revenue expenditures by \$20.3 million to reflect billed amounts for information technology services, capital asset management and maintenance, and human resources. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

The FY2023 Budget as Enacted appropriated \$73.1 million in general revenue (\$93.9 million all funds) for centralized services, which is increased by \$20.3 million in general revenue (\$32.0 million all funds) to \$93.5 million in general revenue (\$126.0 million all funds) in the FY2024 Budget as Enacted. There is a corresponding increase of \$9.7 million in federal funds, \$1.3 million in restricted receipts, and \$4.5 million in other funds. The table illustrates the adjustments in each agency.

Agency	FY2023 Enacted	FY2024 Enacted	Change
BHDDH	\$14,502,206	\$27,289,836	\$12,787,630
Board of Elections	104,480	126,601	22,121
Coastal Resources Management Council	21,715	22,538	823
Commission on the Deaf & Hard of Hearing	71,678	105,162	33,484
Department of Administration	12,060,259	13,947,456	1,887,197
Department of Business Regulation	2,439,297	2,642,159	202,862
Department of Children, Youth, and Families	3,195,247	3,075,620	(119,627)
Department of Corrections	15,602,610	21,021,766	5,419,156
Department of Environmental Management	3,363,209	4,551,391	1,188,182
Department of Health	4,476,730	7,718,685	3,241,955
Department of Human Services	10,895,649	13,398,989	2,503,340
Department of Labor and Training	8,282,978	10,504,482	2,221,504
Department of Public Safety	1,247,105	1,966,430	719,325
Department of Revenue	6,520,979	7,570,912	1,049,933
Department of Transportation	6,220,829	6,724,802	503,973
Elementary and Secondary Education	148,033	117,004	(31,029)
Executive Office of Commerce	330,440	67,541	(262,899)
Executive Office of Health and Human Services	2,635,374	2,929,661	294,287
General Assembly	25,000	6,663	(18,337)
Governor's Commission on Disabilities	33,335	34,439	1,104
Historical Preservation and Heritage Commission	185,575	253,497	67,922
Judiciary	6,042	37,696	31,654
Military Staff	235,105	251,041	15,936
Office of Attorney General	60,401	57,700	(2,701)
Office of Lieutenant Governor	50,984	58,101	7,117
Office of Public Defender	11,907	16,199	4,292
Office of the Child Advocate	92,954	125,323	32,369
Office of the General Treasurer	503,061	629,812	126,751
Office of the Governor	179,685	199,655	19,970
Office of the Mental Health Advocate	109,706	90,969	(18,737)
Office of the Postsecondary Commissioner	29,940	35,538	5,598
Public Utilities Commission	174,928	226,826	51,898
Rhode Island Atomic Energy Commission	23,622	13,597	(10,025)
Rhode Island College	(5,000)	(10,000)	(5,000)
Rhode Island Commission for Human Rights	22,801	18,765	(4,036)
Rhode Island Council on the Arts	87,719	86,974	(745)
Rhode Island Emergency Management Agency	(109,516)	(323,050)	(213,534)
Rhode Island Ethics Commission	75,986	90,731	14,745
Secretary of State	21,828	(7,317)	(29,145)
Total	\$93,934,881	\$125,964,162	\$32,029,281

UNAP Contract Adjustment

\$2.8 million

The Budget includes a statewide general revenue increase of \$2.8 million for increased costs associated with the United Nurses and Allied Professionals (UNAP) contract signed in December 2022. UNAP is the union that represents nurses employed in multiple state agencies. Some of the provisions provided in the contract include a salary increase for employees with eight or more years of service, as well as an increase in the education bonus for members with a BA in a nursing related field from \$750 to \$1,500 and those with a Master of Science degree from \$2,000 to \$3,000. The contract also provides an annual clothing allowance of \$500 and increases the shift differential pay from \$0.70 per hour to \$2.50 per hour. In addition, the number of steps in each pay grade increases from 14 steps to 19, with step increases provided after 15, 20, 25, 30, and 40 years of service. The following table shows the increased cost in each agency.

United Nurses & Allied Professionals Labor Contract - signed

Department	FY2024			Total
	General Revenue	Federal Funds	Restricted Receipts	
EOHHS	\$74,703	\$74,698	\$0	\$149,401
DCYF	57,169	-	-	57,169
DOH	185,951	185,958	21,247	393,156
DHS	711,271	331,963	-	1,043,234
BHDDH	1,497,698	1,193,391	-	2,691,089
URI	182,030	-	-	182,030
RIC	56,347	-	-	56,347
CCRI	34,266	-	-	34,266
Total	\$2,799,435	\$1,786,010	\$21,247	\$4,606,692

Department of Administration

Expenditures By Program	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Enacted	Final	Enacted	Enacted	Enacted	Enacted	Enacted
Accounts and Control	\$14.4	\$12.8	\$14.2	\$1.4	11.3%	\$19.8	\$7.0	54.4%
Office of Management and Budget	8.4	10.0	9.7	(0.2)	-2.4%	11.1	1.1	10.8%
Capital Asset Management and Maintenance	16.4	9.8	10.1	0.3	2.7%	12.2	2.4	24.1%
Central Management	272.1	286.4	213.7	(72.7)	-25.4%	111.6	(174.8)	-61.0%
Debt Service Payments	181.8	194.6	192.0	(2.6)	-1.3%	218.1	23.5	12.1%
Energy Resources	10.8	20.8	38.5	17.7	85.1%	47.5	26.7	128.5%
General	655.2	162.4	396.7	234.3	144.3%	224.5	62.1	38.3%
Human Resources	0.5	0.8	0.8	0.0	4.1%	0.9	0.2	24.1%
Information Technology	4.3	55.3	64.1	8.8	16.0%	20.6	(34.7)	-62.8%
Legal Services	2.2	2.4	2.1	(0.3)	-12.9%	2.4	0.0	1.7%
Library and Information Services	4.6	3.9	4.1	0.2	5.7%	3.5	(0.4)	-10.6%
Personnel Appeal Board	0.1	0.1	0.1	(0.0)	-0.7%	0.1	-	0.0%
Planning	4.4	6.6	6.0	(0.6)	-9.5%	6.6	0.0	0.1%
Purchasing	4.5	4.8	4.3	(0.5)	-10.4%	4.9	0.1	2.6%
Rhode Island Health Benefits Exchange (HealthSource RI)	23.4	32.7	32.5	(0.2)	-0.6%	31.9	(0.8)	-2.5%
Statewide Personnel and Operations	-	15.3	5.0	(10.3)	-	-	(15.3)	-
Division of Equity, Diversity, and Inclusion	1.1	1.6	1.4	(0.2)	-12.5%	2.0	0.4	25.4%
Total	\$1,204.2	\$820.3	\$995.4	\$175.1	21.3%	\$717.8	(\$102.5)	-12.5%
Expenditures By Source								
General Revenue	\$823.6	\$270.3	\$499.6	\$229.3	84.8%	\$293.8	\$23.5	8.7%
Federal Funds	286.9	342.0	271.6	(70.4)	-20.6%	212.7	(129.3)	-37.8%
Restricted Receipts	32.2	88.0	113.4	25.4	28.9%	48.5	(39.5)	-44.9%
Other Funds	61.5	120.0	110.8	(9.2)	-7.7%	162.8	42.8	35.7%
Total	\$1,204.2	\$820.3	\$995.4	\$175.1	21.3%	\$717.8	(\$102.5)	-12.5%
Authorized FTE Levels	650.7	662.7	662.7	-	-	674.7	12.0	1.8%

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

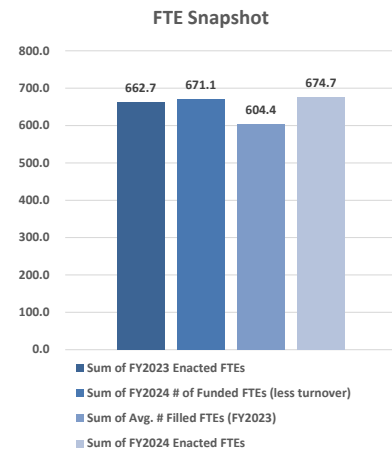
The Department of Administration's primary function is to provide support services to state departments and agencies. The Department of Administration was created to consolidate the finance, purchasing, and management functions of the State. There are 17 sub-programs with specific functions within the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

MAJOR ISSUES AND TRENDS

The FY2023 Final Budget includes an all funds appropriation of \$995.4 million in FY2023, reflecting a net increase of \$175.1 million from the FY2023 Budget as Enacted. General revenues total \$499.6 million and comprise 50.2 percent of the Department's total appropriation. There is a net general revenue increase of \$229.3 million from the previous fiscal year.

The Budget includes a one-time transfer of \$257.4 million in general revenue to the Rhode Island Capital Plan (RICAP) funds in FY2023, reflecting an increase of \$242.4 million over the \$15.0 million appropriated in the FY2023 Budget as Enacted. The Budget includes a one-time transfer of \$182.4 million in general revenue from the FY2022 surplus to the Rhode Island Capital Plan fund for the state match to federal transportation funds. This includes general state match funding as well as replacement revenue for the expected truck toll revenue losses through FY2024 and FY2025.

The FY2024 Budget includes an all funds appropriation of \$717.8 million, reflecting a net decrease of \$102.5 million from the FY2023 Budget as Enacted. General revenues total \$293.8 million and comprise



40.9 percent of the Department’s total appropriation. General revenues increase by \$23.5 million from the previous fiscal year. This includes \$13.0 million to capitalize a new Large Systems Initiatives Fund for the purpose of implementing and maintaining enterprise-wide software projects; the addition of \$28.8 million for debt services; and, the reduction of \$15.0 million in general revenue for a one-time contingency reserve, to be used in the event that the federal FEMA pandemic reimbursements differ from the State’s estimation and assumptions. The intent of the reserve fund was to absorb potential discrepancies between state claims and what FEMA ultimately reimburses.

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

ACCOUNTS AND CONTROL

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

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

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

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

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

Personnel Adjustments **\$305,489**

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

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

Contract Services**\$167,000**

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

ARPA CPF COVID-19 Response (federal funds)**\$6.4 million**

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

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

Lastly, the Budget includes a \$1.8 million increase for additional contract financial support over two years to continue data analysis, reporting and monitoring efforts. Furthermore, the recommendation consolidates the entire appropriation schedule in FY2024 to ensure the timely obligation of these funds to comply with U.S. Treasury rules.

Grants Management Systems Administration (restricted receipts)**\$324,000**

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

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

OFFICE OF MANAGEMENT AND BUDGET

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

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

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

Turnover **\$378,631**

The Budget includes \$45,000 for turnover, a \$378,631 reduction in turnover (resulting in additional funding) from the \$423,631 included in the FY2023 Budget as Enacted.

Personnel Adjustments **\$303,047**

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

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

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

Operating Adjustments**\$69,038**

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

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

Contract Services**\$10,500**

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

CAPITAL ASSET MANAGEMENT AND MAINTENANCE

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

- Planning, Design, and Construction (PDC) manages new construction and rehabilitation projects.
- Facilities Management and Maintenance (OFMM) maintains State facilities.
- Risk Management
- State Fleet Operations administers the purchase, repair, and disposal of state vehicles and operates 15 state fuel depots.

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

CENTRAL MANAGEMENT

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

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

Central Management	General Revenue
FY2023 Enacted	\$4,896,389
<i>Target and Other Adjustments</i>	
Workforce Compensation and Classification Study	215,616
New FTE Positions	(2,000,000)
FY2024 Governor	\$3,419,152

Central Management	Other Fund Changes
ARPA SFRF: Health Care Facilities (federal funds)	(\$77,500,000)
ARPA SFRF: COVID-19 Ongoing Response (federal funds)	(31,212,291)
Rental and Utilities Assistance (federal funds)	(30,000,000)
ARPA HAF: Homeowners Assistance Fund (federal funds)	(25,000,000)
ARPA SFRF: Nonprofit Assistance Food Security (federal funds)	(20,000,000)
ARPA SFRF: Public Safety Infrastructure (federal funds)	11,000,000
ARPA SFRF: Public Health Response Warehouse Support (federal funds)	(600,000)

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

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

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

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

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

- **Senior Economic and Policy Analyst:** The Budget adds \$138,297 for salary and benefits for a new position within Central Management. According to the Department, the Senior Economic and Policy Analyst will focus specifically on state and federal legislation, working with stakeholders to identify needed changes to policies and liaising with the Congressional Delegation, General Assembly, and the

Governor's Office, to provide critical feedback on proposed legislation. The Analyst will fill a key communications function across governmental bodies on all issues relating to legislation and policy that will help ensure departmental alignment and responsiveness.

- **Assistant Director Financial and Contract Management:** The Budget adds \$168,850 for salary and benefits for a new position that will be responsible for coordination between Purchasing, accounts payable, and the requisitioning staff, and will help lead Enterprise Resource Planning (ERP) efforts for Central Management. The Department plans to maintain the position after ERP implementation, as a Deputy position, leading operations efforts.

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

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

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

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

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

ARPA SFRF: COVID-19 Ongoing Response (federal funds) (\$31.2 million)

The Budget includes \$41.8 million in federal funding from the ARPA SFRF for COVID-19 Ongoing Response activities, reflecting the shift of unspent funds from FY2023, to continue COVID-19 mitigation activities and to address public health impacts, such as COVID-19 testing, vaccine campaign, case investigation, contact tracing efforts; and, for public health emergency response supports such as data and reporting; and communications. The result is a reduction of \$31.2 million in federal funds, as compared to the previous fiscal year budget.

Rent and Utilities Assistance (federal funds) (\$30.0 million)

The Budget reduces federal funds by \$30.0 million for rent and utility assistance. The State received \$352.0 million from two federal authorizations to provide rent and utility assistance. However, a total of \$245.6 million has been spent leaving a balance of \$106.4 million. The Budget includes appropriations of \$84.0 million in FY2023 and FY2024, exceeding the amount by \$61.6 million. The Budget reduces the amount by \$30.0 million in FY2024 to provide an amount closer to the available appropriation.

ARPA SFRF: Homeowner Assistance Fund (federal funds) (\$25.0 million)

The Budget eliminates \$25.0 million in ARPA SFRF federal funds in FY2024 as the amount is projected to be fully expended during FY2023. The Homeowners Assistance Fund received an allocation of \$50.0 million in ARPA SFRF federal funds with \$25.5 million appropriated in FY2022 and \$24.5 million in FY2023. Because language within Article 1 of the FY2023 Budget as Enacted required that all unexpended or unencumbered balances relating to the State Fiscal Recovery Fund and Capital Projects Fund be reappropriated to FY2024, the Budget automatically included the \$25.0 million in the budget. The Governor's Budget Amendment dated March 8, 2023, eliminated \$25.0 million in ARPA SFRF federal funds in FY2024 stating that the amount was projected to be fully expended during FY2023 and not required in the FY2024 Budget.

ARPA SFRF: Nonprofit Assistance Food Security (federal funds) (\$20.0 million)

The Budget does not include further federal funding from the ARPA SFRF for Nonprofit Assistance Food Security. This results in a reduction of \$20.0 million in federal funds as compared to the previous fiscal year budget.

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

ARPA SFRF: Public Safety Infrastructure (federal funds) \$11.0 million

The Budget includes \$11.0 million in federal funding from the ARPA SFRF for a new initiative to provide matching support to cities and towns to make significant public safety facilities infrastructure improvements including new construction. Funding priority shall be based on project readiness and limited to those for which the total costs exceed \$1.0 million. Matching funds to any municipality will be limited to \$5.0 million for projects that serve a regional purpose and \$1.0 million for others.

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

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

DEBT SERVICE

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

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

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

General Obligation Bond Changes **\$18.9 million**

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

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

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

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

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

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

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

Service Day Activity Programs Debt. The increase reflects increased principal payments of \$3.1 million and \$100,687 in interest payments.

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

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

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

Other Debt Service Changes

\$13.7 million

The Budget includes \$63.1 million in general revenue for debt service expenses on six items, reflecting an increase of \$13.7 million from various adjustments from the FY2023 Budget as Enacted. The significant adjustment is the \$13.4 million increase debt service payment for the Central Falls School Project and \$1.1 million increase for the I-195 Land Acquisition cost.

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

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

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

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

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

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

\$ in millions

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

Certificates of Participation (COPs)

(\$3.8 million)

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

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

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

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

OFFICE OF ENERGY RESOURCES

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

Energy Resources	Other Fund Changes
ARPA SFRF: Electric Heat Pumps (federal funds)	\$15,000,000
RGGI-Executive Climate Change Coordinating Council (restricted receipts)	4,500,000
National Electric Vehicle Infrastructure Formula Program (other funds)	4,000,000
Regional Greenhouse Gas Initiative (restricted receipts)	2,997,442
Bipartisan Infrastructure Law - SEP (federal funds)	1,000,000

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

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

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

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

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

The Budget includes \$4.5 million in restricted receipts for the Executive Climate Change Coordinating Council (EC4) restricted receipt account. Funding for the EC4 in FY2024 is derived through the one-time transfer of \$3.0 million in restricted receipts reflecting the transfer of Regional Greenhouse Gas Initiative (RGGI) unallocated auction proceeds in FY2023, to maintain funding for the existing electric vehicle and electric bicycle incentive programs and to support other projects.

Furthermore, language contained in Article 5 of the FY2024 Budget as Enacted requires that, commencing January 1, 2024, and thereafter, RGGI auction allowance proceeds in excess of \$4.5 million, but limited to \$1.5 million per year, will be transferred to the Office of Energy Resources (OER) for the purpose of funding Executive Climate Change Coordinating Council's (EC4) climate change related initiatives.

The EC4 shall report to the Governor and General Assembly 120 days following the end of each calendar year how the funds were used to support the statutory objectives of the 2021 Act on Climate.

National Electric Vehicle Infrastructure Formula Program (other funds) \$4.0 million

The Budget adds \$4.0 million in other funds reflecting an operating transfer for federal funds awards to the State under the National Electric Vehicle Infrastructure Formula Program (NEVI Formula), to provide funding to States to strategically deploy electric vehicle (EV) charging infrastructure and to establish an interconnected network to facilitate data collection, access, and reliability.

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

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

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

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

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

The Infrastructure Investment and Jobs Act (IIJA), signed by President Biden on November 15, 2021, included billions of dollars in funding opportunities for energy infrastructure projects, some of which is to be awarded through states.

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

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

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

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

GENERAL

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

General	General Revenue
FY2023 Enacted	\$56,655,722
<i>Target and Other Adjustments</i>	
Defeasance of Existing Debt	35,000,000
Transfer to Historic Tax Credit Fund	(28,000,000)
Transfer to RICAP Fund	(15,000,000)
Resource Sharing and State Library Aid	484,265
Wrongful Conviction Awards	250,000
Library Construction Aid	49,644
FY2024 Governor	\$49,439,631

General	Other Fund Changes
ARPA CPF: Municipal and Higher Ed Matching Grant Program (federal funds)	\$35,000,000
ARPA CPF: RIC Student Services Center (federal funds)	(5,000,000)
ARPA SFRF: Aid to the Convention Center (federal funds)	(5,000,000)

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

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

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

The Budget removes \$28.0 million in general revenue that was used in the previous fiscal year as a one-time transfer to allow for additional participants in the Historic Tax Credits program. The Budget does not repeat the transfer and funding is not required for FY2024. Article 9 of the FY2023 Budget as Enacted extended the sunset provision for the Historic Tax Credits program by one year from June 30, 2022, to June 30, 2023, and transfers \$28.0 million in general revenue to allow for additional participants. Legislation passed in the 2023 session further extended the sunset provision until June 30, 2024.

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

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

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

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

Wrongful Conviction Awards ***\$250,000***

The Budget includes \$250,000 in general revenue as a placeholder for wrongful conviction payments. Authorized under Public Law 2021 Chapter 235 and 236, the law allows anyone who was wrongfully sentenced to prison for more than one year to petition the presiding justice of Rhode Island Superior Court for compensation and damages. If the court finds that the claimant was wrongfully imprisoned, the court will grant an award of \$50,000 for each year served in a correctional facility. If the individual was imprisoned for less than one year, the claimant will receive 1/365 of \$50,000 for each day served. The award can include damages such as attorney's fees no greater than \$15,000, plus compensation for

reasonable costs including housing, transportation, subsistence, re-integrative services, and mental and physical health care costs. The Office of the Attorney General has not provided the Department with a potential out-year estimate on future payments.

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

Library Construction Aid

\$49,644

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

For FY2024, the Budget includes \$1.9 million, an increase of \$49,644 from the FY2023 Budget as Enacted. The increase of \$49,644 reflects net adjustments to seven library reimbursements, including an additional \$62,988 for a balloon payment in the final year of reimbursement for East Greenwich.

PUBLIC LIBRARY CONSTRUCTION REIMBURSEMENT PAYMENTS FY 2021-2025

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

Source: Office of Library & Information Services

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

ARPA CPF: Municipal and Higher Education Matching Grant (federal funds)

\$35.0 million

The Budget adds \$35.0 million in repurposed ARPA Capital Project Funds (CPF) originally planned for the construction of a Student Services Center at Rhode Island College, to the ARPA CPF Municipal and Higher Ed Matching Grant Program. This results in a total appropriation of \$58.4 million in FY2024 as matching funds with municipal federal funds, to renovate or construct community wellness centers that meet the U. S. Treasury's guidance for workforce development, education, and health maintenance.

Analyst Note: The Department of Administration is in the initial award phase for the CPF Municipal and Higher Education Matching Grants project. As of August 15, 2023, the Department received Part 1 applications from 29 municipalities for 31 proposed projects. No funds have been expended from the project's FY2023 and FY2024 total allocation of \$81.7 million. The Department anticipates the first distribution of funds to occur in the third quarter of FY2024.

ARPA CPF: RIC Student Services Center (federal funds) (\$5.0 million)

The Budget decreases ARPA Capital Project Funds by \$5.0 million as compared to the FY2023 Budget as Enacted, for the planned \$35.0 million construction of a Student Services Center at Rhode Island College, that would have consolidated student services into one location that currently exist in various locations around the campus. The State received notice from the federal government that the planned project is not an approved allocation for ARPA Capital Project Fund use. The total project cost was \$35.0 million and the planned appropriations were \$5.0 million in FY2023 and \$30.0 million in FY2024. There is a corresponding decrease of \$5.0 million in the FY2023 Final Budget.

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

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

HUMAN RESOURCES

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

Human Resources	General Revenue
FY2023 Enacted	\$755,922
<hr/>	
<i>Target and Other Adjustments</i>	<i>15,214</i>
Centralized Service Charges (statewide adjustments)	133,088
Advertising	33,772
FY2024 Enacted	\$937,996

Human Resources	Other Fund Changes
New FTE Positions (internal service funds)	\$279,001

Advertising \$33,772

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

New FTE Positions (internal service funds) \$279,001

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

- **Compensation Manager:** The Budget adds \$167,093 for salary and benefits for a new position to support the state's compensation and classification system during the modernization of the state's compensation and classification system and to provide compensation management expertise during the implementation of the Enterprise Resource Planning (ERP) project on an ongoing basis. The funding source is the Human Resources Internal Service Fund. This fund is billed through the per filled FTE cost that HR centralized service is based on.

- Performance Development Coordinator:** The Budget adds \$111,908 for salary and benefits for a new position to support the expansion and success of the Executive Branch Performance Development Program, which manages approximately 9,400 non-union and union employees. This position will support the Division of Human Resources in providing strategically aligned, high-impact, and outcomes based learning and professional development opportunities to empower state employees with specific skills to successfully achieve state and agency goals and objectives and reach personal improvement targets; and, will provide assistance during the implementation of the performance development module for the ERP Project.

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

INFORMATION TECHNOLOGY

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

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

Information Technology	General Revenue
FY2023 Enacted	\$721,340
<i>Target and Other Adjustments</i>	-
Large Systems Initiatives Fund Capitalization	13,000,000
Homeland Security - State Match	500,000
FY2024 Enacted	\$14,221,340

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

Large Systems Initiatives Fund Capitalization **\$13.0 million**

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

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

The Budget transfers \$115.0 million from the Information Technology Investment Fund restricted receipt account to the Large Systems Initiative Fund, by July 14, 2023. These funds reflect balances in the Fund that were previous appropriations to capitalize the ITIF in FY2021 and FY2022. The transfer includes the following projects, which will be updated in August/September 2023:

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

Source: Department of Administration - Office of Management and Budget

- The FY2021 appropriation included \$50.0 million, which was used to implement the Enterprise Resource Planning System (ERP) and \$17.0 million was used to replace the Department of Children, Youth, and Families' case management system known as RICHIST.
- The FY2022 appropriation included \$75.0 million, which was used for additional Enterprise Resource Planning System (ERP) and RICHIST work, as well as \$22.4 million for the implementation of an electronic medical records system for the state hospitals, \$19.4 million be available for the replacement and modernization of the Legacy mainframe system in the Department of Labor and Training, \$6.7 million for RIBridges Mobile and Childcare Tracking, \$2.5 million for Blockchain Digital Identity, \$5.8 million for the Department of Environmental Management's online permit and licensing system for fish and wildlife, commercial fishing and boating registrations, \$3.3 million for Wi-Fi and Technology at the Adult Correctional Institutions, and \$2.3 million for the tax modernization system.

In addition, the Budget includes a \$13.0 million general revenue appropriation to capitalize the Large Systems Initiative Fund (LSIF), of which, \$8.0 million will be used as additional funding of the Comprehensive Child Welfare Information System (CCWIS) information technology project. The Budget allocates the remaining \$5.0 million to support the new Gateway to Government initiative that expands the Digital Government Pilot Program in the Department of Business Regulation.

Homeland Security – State Match

\$500,000

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

Information Technology Investment Fund (restricted receipts)

(\$48.3 million)

The Budget includes \$6.3 million in restricted receipts for the Information Technology Investment Fund (ITIF), reflecting a decrease of \$48.3 million in restricted receipts from the FY2023 Budget as Enacted. The Fund is a restricted receipt account for the State's technology initiatives and improvement projects.

The change reflects decreases of \$19.9 million for the Enterprise Resource Planning (ERP) project, a decrease of \$10.4 million for the Hospital Electronic Medical Records project, a decrease \$9.7 million for

the Department of Labor and Training Mainframe Replacement project, a decrease of \$1.4 million for the Department of Children, Youth, and Families' case management system RICHIST project, and a decrease of \$6.9 million for other Fund projects.

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

- **Enterprise Resource Planning (ERP):** The capital budget includes funding to modernize the State's decades-old legacy systems for human resources, payroll, grants management, and financial data systems. The current system is outdated, leaving decision makers unable to receive accurate information in a timely manner, are susceptible to various single points of failure, and are at-risk for security breaches. The new system, referred to as the Enterprise Resource Planning System (ERP), will have a total projected cost of \$68.7 million. The FY2021 Final Budget transferred \$67.0 million in State revenues to capitalize the State's Information Technology Investment Fund (ITIF) to finance IT projects without issuing debt or incurring interest, including \$50.0 million for ERP. The FY2022 Final Budget included \$1.5 million in restricted receipts to finance the first year of the project. The FY2023 Budget as Enacted included \$19.9 million, of which \$17.7 million reflects an appropriation of restricted receipt ITIF funds and \$2.2 million is federal ARPA SFRF funds to finance the second year of the project. The FY2023 Final Budget increases funding by \$1.4 million in ITIF restricted receipt funding, bringing the total appropriation to \$21.3 million for the project. The FY2024 Budget includes no funding for this project, because the Budget shifts funding for the project from the ITIF to the Large Systems Initiative Fund.
- **Hospital Electronic Medical Records Project:** The FY2023 Budget as Enacted included \$10.4 million in restricted receipts from the Information Technology Investment Fund (ITIF) to implement a Hospital Information System (HIS) with an Electronic Medical Records (EMR) component. The HIS EMR system will improve patient care through electronic capturing and tracking of patient data, eliminate manual transcriptions and paper file storage, and will better enable evidence-based health care decisions. The FY2023 Final Budget decreases funding by \$9.0 million in ITIF restricted receipt funding, bringing the total appropriation to \$1.4 million for the project. The FY2024 Budget includes no funding for this project, because the Budget shifts funding for the project from the ITIF to the Large Systems Initiative Fund.
- **DLT Mainframe Replacement Project:** The FY2023 Budget as Enacted included \$9.7 million in restricted receipts from the Information Technology Investment Fund (ITIF) for the replacement and modernization of the Employer Tax, Temporary Disability Insurance (TDI), Business Federal Account Reporting, Mainframe Retirement, and Workforce Regulations and Safety systems. In addition, there is funding for upgrades to the business affairs imaging system to increase operational efficiency. The FY2023 Final Budget adds \$5.0 million in ITIF restricted receipt funding, bringing the total appropriation to \$14.7 million for the project. The FY2024 Budget includes no funding for this project, because the Budget shifts funding for the project from the ITIF to the Large Systems Initiative Fund.
- **DCYF RICHIST Project:** The Governor proposed borrowing \$17.0 million in certificates of participation (COPs) to replace the Department of Children, Youth, and Families' case management system, RICHIST, between FY2022 and FY2024. The Budget modified the funding mechanism. Instead, the FY2021 Final Budget transferred \$67.0 million in State revenues to capitalize the State's Information Technology Investment Fund (ITIF) to finance IT projects without issuing debt or incurring interest, including \$17.0 million for RICHIST. The FY2022 Budget included \$600,000 in restricted receipt ITIF

funds to finance the State's 60.0 percent share of the \$1.0 million in expenses for the first year of the project. The FY2023 Final Budget includes \$750,000 in restricted receipt ITIF funds, a reduction of \$630,000 from the FY2023 Budget as Enacted; and no funds in the FY2024 Budget, because the Budget shifts funding for the project from the ITIF to the Large Systems Initiative Fund.

- **Information Technology Investment Fund (ITIF):** The Budget includes \$6.0 million to fund various projects through the ITIF. This is a decrease of \$6.9 million from the FY2023 Budget as Enacted, reflecting changes in the proposed ITIF project assumptions from the enacted budget. Project spending is limited to available revenue in the fund. This amount will be updated in the FY2024 Revised Budget if it is determined additional revenue sources will be available.

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

- In FY2015, 10.0 percent of the \$1.00 surcharge levied on each residence and business telephone line collected to support the E-911 Uniform Emergency Telephone System is deposited into the ITIF, but this was repealed under Article 2 of the FY2020 Budget as Enacted and replaced with a new revenue source derived from 10.0 percent of a \$0.50 fee imposed on land-lines and 10.0 percent of the \$0.75 fee imposed on wireless phone lines. The surcharge change is projected to provide the technology investment fund annually \$1.0 million.
- Article 4 of the FY2018 Budget as Enacted established a \$1.50 surcharge on every DMV fee transaction. This surcharge revenue is deposited into the State's Information Technology Infrastructure Fund (ITIF). Funds generated through the surcharge are specifically used to pay the original and ongoing costs associated with the DMV's information technology system, known as the Rhode Island Modernization System, or RIMS.
- Article 7 of the FY2019 Budget as Enacted authorized a tiered set of fees for individuals to obtain copies of certain vital records. The fees established are \$5 for mail-in certified records, \$3 for duplicate certified records, and \$2 for walk-in requests for certified records requests. The revenue generated from these fees are deposited into the Information Technology Infrastructure Fund. The proposal projects to generate \$350,351 annually.
- Article 7 of the FY2020 Budget as Enacted made several changes related to the technology surcharge. The surcharge is increased by \$1.00, for a total of \$2.50 per DMV fee transaction. Revenue from the increase is to be deposited in a new restricted receipt within the DMV to pay for IT project-related payments and/or ongoing maintenance of and enhancements to the DMV's computer system. The remaining \$1.50 is deposited into the ITIF. The article removes the existing sunset and shifts the remaining \$1.50 from the ITIF to the DMV account beginning on July 1, 2022. Based on DOR projections, \$4.2 million in surcharge revenue, inclusive of the fee increase, will be generated in FY2020. The ITIF will receive \$2.5 million of this revenue and \$1.7 million will be deposited into the DMV restricted receipt account.
- Article 5 of the FY2022 Budget as Enacted requires that \$50.0 million of the total amount available in the Information Technology Investment Fund (ITIF) as of July 1, 2021, be made available to for a new Enterprise Resource Planning System (ERPS) for human resources, information systems, payroll, and financial management; and requires that \$17.0 million of the total amount available in the Information Technology Investment Fund (ITIF) as of July 1, 2021, be made available to replace the Department of Children, Youth, and Families' case management information system.
- Article 7 of the FY2023 Budget as Enacted providing revisions to the FY2022 Budget, requires that \$50.0 million in restricted receipts from the Information Technology Investment Fund be used

for the development and implementation of an Enterprise Resource Planning and \$17.0 million be available to replace the Department of Children, Youth, and Families' case management information system.

- Article 1 of the FY2023 Budget as Enacted requires that \$22.4 million in restricted receipts from the Information Technology Investment Fund be used for the development and implementation of an electronic medical records system for the state hospitals, \$19.4 million be available for the replacement and modernization of the Legacy mainframe system in the Department of Labor and Training, \$6.7 million for RIBridges Mobile and Childcare Tracking, \$2.5 million for Blockchain Digital Identity, \$2.2 million to support implementation of the Enterprise Resource Planning System, \$5.8 million for the Department of Environmental Management's online permit and licensing system for fish and wildlife, commercial fishing and boating registrations, \$3.3 million for Wi-Fi and Technology at the Adult Correctional Institutions, and \$2.3 million for the tax modernization system.

The following table illustrates the proposed and approved ITIF projects, funding balance and projected costs. The project list will be revised in August/September 2023:

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

Source: Department of Administration

LEGAL SERVICES

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

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

Contract Services **\$45,300**

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

LIBRARY AND INFORMATION SERVICES

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

Library and Information Services	General Revenue
FY2023 Enacted	\$1,796,514
<i>Target and Other Adjustments</i>	<i>(20,416)</i>
Interlibrary Delivery System	127,538
FY2024 Enacted	\$1,903,636

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

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

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

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

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

PERSONNEL APPEAL BOARD

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

Personnel Appeal Board	General Revenue
FY2023 Enacted	\$143,059
<i>Target and Other Adjustments</i>	<i>(6,824)</i>
Personnel Adjustments	(35,354)
FY2024 Enacted	\$100,881

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

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

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

PERSONNEL AND OPERATIONAL REFORMS

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

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

FEMA Reserve and Contingency **(\$15.0 million)**

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

Analyst Note: The FY2023 Final Budget includes \$5.0 million for the one-time contingency reserve. Article 1 of the Final Budget includes language that all unexpended or unencumbered balances relating to the FEMA Contingency Reserve be reappropriated to FY2024.

General Officer Transition Costs **(\$350,000)**

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

PLANNING

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

- Statewide Planning staffs the State Planning Council, which is comprised of state and local government officials, public members, and federal officials in an advisory capacity. The State Planning Council

serves as the State’s Metropolitan Planning Organization, responsible for planning and prioritizing state and federal transportation funding.

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

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

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

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

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

PURCHASING

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

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

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

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

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

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

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

Contract Services **\$50,000**

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

RHODE ISLAND HEALTH BENEFITS EXCHANGE

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

Rhode Island Health Benefits Exchange (HealthSource RI)	General Revenue
FY2023 Enacted	\$4,077,880
<i>Target and Other Adjustments</i>	
	192
Public Health Emergency Unwinding	666,674
FY2024 Enacted	\$4,744,746

Rhode Island Health Benefits Exchange (HealthSource RI)	Other Fund Changes
State Innovation Waiver (federal funds)	(\$2,658,816)
Rhode Island Health Benefits Exchange (restricted receipts)	1,114,634
Public Health Emergency Unwinding (restricted receipts)	36,040

Public Health Emergency Unwinding **\$666,674**

The Budget increases general revenue by \$666,674 to reflect a net funding shift from FY2023 to FY2024. This accounts for the timing of expenditures related to the Consolidated Appropriations Act of 2023, and specifically the delay in unwinding of the public health emergency and redetermination schedule from a start of January 1, 2023, to a start of April 1, 2023. There is a corresponding increase of \$36,040 in restricted receipts.

State Innovation Waiver (federal funds) **(\$2.7 million)**

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

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

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

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

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

\$ in millions

Source: State Budget Office

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

In 2021, the passage of the American Rescue Plan Act (ARPA) expanded eligibility for federal PTC which subsidized customers' premiums. There was also an open special enrollment period (SEP) due to the pandemic which lasted until August 15, 2021, resulting in increased enrollment and increased subsidies,

thus creating more pass-through funding. In total, these conditions created an additional \$2.6 million in pass-through funding for 2021.

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

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

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	
HealthSource RI	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Final	Enacted	Total
Federal Funds	\$21.8	\$47.3	\$48.5	\$17.6	\$3.7	\$1.8	\$0.1	\$0.0	\$0.4	\$6.3	\$13.7	\$11.1	\$172.3
Restricted Receipts	-	-	-	2.8	5.5	5.3	5.2	8.0	10.4	14.0	15.3	16.1	82.5
Total	\$21.8	\$47.3	\$48.5	\$20.4	\$9.2	\$7.1	\$5.3	\$8.0	\$10.8	\$20.4	\$29.0	\$27.1	\$254.8

\$ in millions

Rhode Island Health Benefits Exchange (restricted receipts)

\$1.1 million

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

DIVISION OF EQUITY, DIVERSITY, AND INCLUSION

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

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

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

Division of Equity, Diversity, and Inclusion	General Revenue
FY2023 Enacted	\$1,508,606
<i>Target and Other Adjustments</i>	
MBE/WBE Compliance Management System	250,000
New FTE Position	123,615
Contract Services	10,000
FY2024 Enacted	\$1,898,258

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

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

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

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

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

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

Analyst Note: Article 3 section 7, requires the State to arrange for a disparity study every five years to evaluate the need for the development of programs to enhance participation in State contracts for business enterprises owned by women and minorities. The study requirement would begin in FY2025.

Contract Services **\$10,000**

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

CAPITAL PROJECTS

The Budget includes \$116.0 million in Rhode Island Capital Plan (RICAP) funds for 39 various capital projects in FY2024. This reflects an increase of \$44.4 million from the previous fiscal year. Significant project changes include:

- **New or Major Funding Changes Capital Projects:** The Budget includes \$17.0 million for four projects including \$6.6 million for projects at the Zambarano Campus in the Town of Burrillville, \$5.0 million for group home replacement, \$5.2 million for the Medical Examiners Building in the Town of Cumberland, and \$250,000 for a land use study at the former Ladd School property in the Town of Exeter.

New or Major Funding Changes	FY2023 Enacted	FY2023 Final	Change	FY2024 Enacted	Change
RICAP - Zambarano LTACH	\$1,177,542	\$1,177,542	\$0	\$6,569,677	\$5,392,135
RICAP - Group Home Replacement	-	-	-	5,000,000	5,000,000
RICAP - Medical Examiner Building	4,500,000	-	(4,500,000)	5,168,529	668,529
RICAP - State Land Use Planning Study	-	-	-	250,000	250,000
Total	\$5,677,542	\$1,177,542	(\$4,500,000)	\$16,988,206	\$11,310,664

- **Zambarano LTACH:** The capital budget includes \$6.6 million in RICAP funds in FY2024 for the new Long-Term Acute Care Hospital (LTACH) on the Zambarano Campus. The total project cost is \$108.2 million in RICAP funds
- **Group Home Replacement:** The Budget includes \$5.0 million in FY2024 for a new Group Home renovation or replacement program.
- **Medical Examiner Building:** The Budget includes \$5.2 million in RICAP funds to complete the build-out of the new Medical Examiner's Building located at 900 Highland Corporate Drive, Cumberland (Building # 3). This reflects a shift of \$4.9 million from FY2023 to FY2024.
- **Land Use Planning – Town of Exeter:** The Budget adds \$250,000 for land use planning involving the 500-acre site of the former Ladd School in the Town of Exeter. The State proposes to build an adolescent female residential treatment facility. However, because state projects are subject to local land use processes (following a State Supreme Court case), the Department of Administration contacted the Town of Exeter to see if the town would allow an exemption for this one facility. The Town expressed interest in working with the State on a master land use plan for the entire ~500-acre Ladd campus.
- **Pastore Center Campus Projects:** The Budget includes \$39.3 million to fund various major maintenance and repairs to 35 structures at the Pastore Government Center. This is an increase of \$18.8 million from the previous year.

Pastore Center Campus Projects	FY2023 Enacted	FY2023 Final	Change	FY2024 Enacted	Change
RICAP - Pastore Infrastructure	\$11,050,000	\$0	(\$11,050,000)	\$25,000,000	\$13,950,000
RICAP - Pastore Center Non-Medical Buildings Asset Protection	6,250,000	7,092,253	842,253	10,330,000	4,080,000
RICAP - Pastore Center Master Plan	1,700,000	1,869,021	169,021	2,000,000	300,000
RICAP - Pastore Center Building Demolition	1,000,000	-	(1,000,000)	1,000,000	-
RICAP - Pastore Center Medical Buildings Asset Protection	500,000	-	(500,000)	500,000	-
RICAP - Pastore Center Power Plant	-	783,726	783,726	450,000	450,000
Total	\$20,500,000	\$9,745,000	(\$10,755,000)	\$39,280,000	\$18,780,000

- **Pastore Infrastructure:** The Budget includes \$25.0 million in RICAP funds in FY2024 for infrastructure improvements at the Pastore Campus. These improvements include the replacement of water and sewer lines, as well as work on the power plant transformer, electrical lines, heating conduits, and the campus IT system.
- **Pastore Center Non-Medical Building Asset Protection:** The Budget includes \$10.3 million in RICAP funds reflecting an increase of \$4.1 million as compared to the FY2023 Budget as Enacted.
- **Capitol Hill Campus Projects:** Includes \$15.5 million, an increase of \$8.9 million from the previous year, to fund various infrastructure upgrades to structures listed as the Capitol Hill Campus, including the Cannon Building, Old State House, Chapin Health Lab, State Office Building (DOT), and the William Powers Building.

Capital Hill Campus Projects	FY2023 Enacted	FY2023 Final	Change	FY2024 Enacted	Change
RICAP - State House Renovations	\$2,083,000	\$3,104,916	\$1,021,916	\$6,389,000	\$4,306,000
RICAP - Williams Powers Building	2,700,000	3,534,000	834,000	4,750,000	2,050,000
RICAP - Cannon Building	1,150,000	-	(1,150,000)	3,725,000	2,575,000
RICAP - Chapin Health Laboratory	500,000	791,377	291,377	425,000	(75,000)
RICAP - Old State House	100,000	372,427	272,427	100,000	-
RICAP - State Office Building	100,000	180,054	80,054	100,000	-
Total	\$6,633,000	\$7,982,774	\$1,349,774	\$15,489,000	\$8,856,000

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

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

- **Rhode Island Convention Center Authority:** The Budget includes \$10.2 million in RICAP funds for continued asset protection, upgrades, and renovations to the Rhode Island Convention Center (RICC) in Providence. This reflects an increase of \$2.9 million over the FY2023 Budget as Enacted. The total recommended capital expenditure covering FY2023 to FY2028 is \$28.4 million in RICAP funds. The RICC is owned and operated by the Rhode Island Convention Center Authority (RICCA), but leased to the State through a sublease agreement implemented in November 1991. The Convention Center opened in December 1993 and, as the facility ages into its fourth decade, an asset protection and preventive maintenance program is required to maintain the facility.
- **Amica Mutual Pavilion (Dunkin Donuts Center):** The Budget includes \$6.2 million in RICAP funds in FY2024 for continued asset protection, upgrades and renovations for the Amica Mutual Pavilion, including roof replacement and renovations to dressing rooms, locker rooms, and suites. This reflects a decrease of \$1.9 million in RICAP funds from the previous year. The total recommended capital expenditure covering FY2023 to FY2028 is \$22.9 million in RICAP funds.
- **Veterans Auditorium:** The Budget includes \$100,000 in RICAP funds for HVAC system upgrades, stage lighting upgrades, and auditorium seating replacement for the Auditorium. This reflects a decrease of \$665,000 in RICAP funds from the previous year.

- **Miscellaneous Capital Projects:** The Budget includes \$27.7 million in RICAP funds for various major maintenance and repairs to 20 statewide projects or structures. This is an increase of \$5.1 million from the previous year.

Miscellaneous Capital Projects	FY2023 Enacted	FY2023 Final	Change	FY2024 Enacted	Change
RICAP - 560 Jefferson Blvd Asset Protection	\$150,000	\$0	(\$150,000)	\$1,750,000	\$1,600,000
RICAP - Accessibility - Facility Renovations	1,000,000	1,400,000	400,000	1,180,000	180,000
RICAP - Arrigan Center	825,000	-	(825,000)	125,000	(700,000)
RICAP - BHDDH DD & Community Facilities - Asset Protection	750,000	891,341	141,341	950,000	200,000
RICAP - BHDDH DD & Community Homes - Fire Code	325,000	601,335	276,335	325,000	-
RICAP - BHDDH DD Regional Facilities - Asset Protection	1,700,000	1,700,000	-	1,800,000	100,000
RICAP - BHDDH Group Homes	1,250,000	1,428,690	178,690	1,350,000	100,000
RICAP - BHDDH Substance Abuse Asset Protection	500,000	664,471	164,471	600,000	100,000
RICAP - Big River Management Area	427,000	600,600	173,600	200,000	(227,000)
RICAP - Comm Fac Asset Protection	450,000	630,000	180,000	70,000	(380,000)
RICAP - Cranston Street Armory	750,000	750,000	-	2,250,000	1,500,000
RICAP - Energy Efficiency Improvements- Statewide	1,250,000	1,960,807	710,807	1,000,000	(250,000)
RICAP - Environmental Compliance	400,000	756,336	356,336	200,000	(200,000)
RICAP - Information Operations Center	3,300,000	550,000	(2,750,000)	4,140,000	840,000
RICAP - Replacement of Fueling Tanks	680,000	1,663,189	983,189	430,000	(250,000)
RICAP - State Office Reorganization & Relocation	250,000	1,762,000	1,512,000	1,450,000	1,200,000
RICAP - Washington County Government Center	500,000	4,711	(495,289)	650,000	150,000
RICAP - Zambarano Buildings	6,070,000	7,337,784	1,267,784	7,245,000	1,175,000
RICAP -Security Measures State Buildings	500,000	705,557	205,557	500,000	-
RICAP -Shepard Building Upgrades	1,500,000	3,407,272	1,907,272	1,500,000	-
Total	\$22,577,000	\$26,814,093	\$4,237,093	\$27,715,000	\$5,138,000

- **Cranston Street Armory:** The Budget includes \$2.3 million in RICAP funds for continued asset protection/structural stabilization work on the facility, design and engineering work for the structure's exterior envelope, and funds for a development agreement on the reuse of the structure. This is an increase of \$1.5 million from the previous year. The Cranston Street Armory was recently used as a warming center for homeless people during the 2022-2023 winter period. The Division of Capital Asset Management and Maintenance (DCAMM), through the last issued RFP, chose developer Scout Urban LLC (Scout) to work on ideas for potential development of the Armory. Scout was working with the Governor's Office and DCAMM on preferable solutions, budgets, and schedules. However, after passage of the FY2024 Budget, the Governor terminated the development agreement with Scout in July 2023. The building is unoccupied at the present time.
- **560 Jefferson Boulevard:** The Budget includes \$1.8 million in RICAP funds for asset protection work on the facility. This is an increase of \$1.6 million from the previous year. The structure houses the Office of the Post-Secondary Commissioner, the Office of Veteran Affairs, and programs under the Department of Business Regulation.

Department of Business Regulation

Expenditures by Program	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Final	Enacted	Revised	Enacted		Enacted	Enacted	
Central Management	\$3.7	\$3.8	\$4.0	(\$0.2)	4%	\$4.6	\$0.8	21.3%
Banking Regulation	1.8	2.0	1.8	0.2	10%	1.9	(0.1)	-7.1%
Board of Accountancy	0.0	0.0	0.0	-	6%	0.0	-	0.0%
Commercial Licensing, Gaming & Athletics	2.0	2.1	2.0	0.0	5%	2.1	0.0	0.1%
Building, Design & Fire Professionals	9.6	12.1	11.7	0.4	27%	16.4	4.3	35.6%
Insurance Regulation	5.4	6.5	6.4	0.1	19%	6.6	0.1	1.4%
Office of Cannabis	1.2	6.5	5.0	1.5	433%	6.1	(0.3)	-5.3%
Office of the Health Insurance Commissioner	2.4	4.7	4.7	(0.0)	92%	3.8	(0.9)	-19.3%
Securities Regulation	0.7	0.9	0.9	0.0	18%	0.9	0.0	0.3%
Total	\$26.8	\$38.5	\$36.6	\$1.9	43%	\$42.3	\$3.8	9.9%

Expenditures by Source	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Final	Enacted	Revised	Enacted		Enacted	Enacted	
General Revenue	\$19.5	\$26.3	\$25.4	\$0.8	34%	\$24.4	(\$1.9)	-7.2%
Federal Funds	0.8	0.7	0.8	(0.1)	-15%	0.6	(0.0)	-7.2%
Restricted Receipts	6.5	10.8	10.3	0.5	67%	11.5	0.7	6.8%
Other Funds	0.0	0.7	0.1	0.7	6783%	5.8	5.0	677.1%
Total	26.8	38.5	36.6	\$1.9	43%	42.3	\$3.8	9.9%

Authorized FTE Levels	151.0	181.0	181.0	-	0.0%	181.0	-	0.0%
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\$ in millions. Totals may vary due to rounding

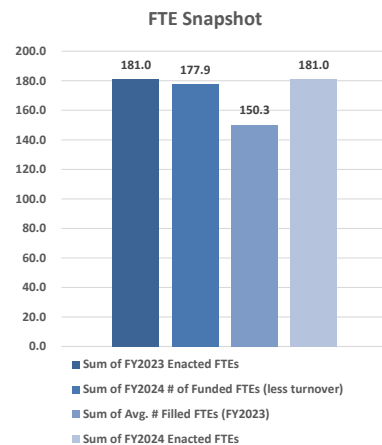
The Department of Business Regulation (DBR) implements state laws mandating the regulation and licensing of designated businesses, professions, occupations, and other specified activities. The Department is composed of nine programs: Central Management, Banking Regulation, Board of Accountancy, Commercial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

MAJOR ISSUES AND TRENDS

The FY2024 Budget includes an all funds increase of \$3.8 million, or 9.9 percent, from the FY2023 Budget as Enacted. The Budget includes a general revenue decrease of \$1.9 million and a decrease of \$49,684 in federal funds as compared to the FY2023 Budget as Enacted. The Budget also includes a restricted receipt increase of \$733,379, which is primarily attributable to the legalization of adult-use marijuana, and the Cannabis Control Commission. The general revenue increase is primarily caused by an increase of salary and wages.

The Budget includes \$38.5 million in all funds in the FY2023 Revised budget, a decrease of \$1.9 million from the FY2023 Budget as Enacted. General revenues comprise 68.3 percent of the total funds, equaling \$26.3 million, an increase of \$800,000 from the FY2023 Budget as Enacted.

The Budget authorizes 181.0 FTE positions in both FY2023 Revised and FY2024.



CENTRAL MANAGEMENT

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

Central Management	General Revenue
FY2023 Enacted	\$3,801,190
<i>Target and Other Adjustments</i>	
Centralized Services (statewide adjustments)	543,739
Personnel Adjustments	265,039
FY2024 Enacted	\$4,609,968

Personnel Adjustments **\$265,039**

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

BANKING REGULATION

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

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

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

The Budget includes a total of \$1.8 million in general revenue for personnel adjustments, a decrease of \$141,562. The general revenue savings are due to turnover savings from planned personnel expenditures. The Department has maintained a consistent and stable turnover rate across the division. The table below illustrates personnel adjustments.

Personnel Category	FY2023 Enacted	FY2024 Enacted	Change from Enacted	
Salary	\$1,189,451	\$1,096,983	(\$92,468)	-7.8%
Benefits	252,408	232,011	(20,397)	-8.1%
Employee Retirement	399,140	376,974	(22,166)	-5.6%
FICA	89,888	83,357	(6,531)	-7.3%
Total	\$1,930,887	\$1,789,325	(\$141,562)	-7.3%

BOARD OF ACCOUNTANCY

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

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

COMMERCIAL LICENSING, GAMING, AND ATHLETICS

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

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

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

Personnel Adjustments **\$27,416**

The Budget includes \$1.2 million in general revenue for personnel expenditures, an increase of \$27,416. This general revenue increase is offset by a decrease of \$26,062 in restricted receipts, resulting in a net increase of \$1,354 across the entire division. The general revenue increase reflects planned personnel adjustments including the annual cost of living adjustment of 2.5 percent. The table below illustrates general revenue changes regarding personnel adjustments.

Personnel Category	FY2023 Enacted	FY2024 Enacted	Change from Enacted	
Salary	\$696,935	\$711,609	\$14,674	2.1%
Benefits	162,215	164,052	1,837	1.1%
Employee Retirement	234,909	245,085	10,176	4.3%
FICA	53,316	54,045	729	1.4%
Total	\$1,147,375	\$1,174,791	\$27,416	2.4%

DIVISION OF BUILDING, FIRE, AND DESIGN PROFESSIONALS

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

Division of Building, Design, and Fire Professionals	General Revenue
FY2023 Enacted	\$8,852,699
<i>Target and Other Adjustments</i>	<i>6,338</i>
Bomb Squad Equipment - One Time Expenditure	(600,000)
Personnel Adjustments	341,145
State Fleet	(157,038)
Centralized Services (statewide adjustment)	(152,642)
FY2024 Enacted	\$8,290,502

Division of Building, Design, and Fire Professionals	Other Fund Changes
Furniture and Equipment (restricted receipts)	(\$223,000)
Centralized Services (restricted receipts)	137,798
Personnel Adjustments (restricted receipts)	122,332
Natural Gas (restricted receipts)	52,395

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

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

Personnel Adjustments **\$341,145**

The Budget includes an increase of \$341,145 in general revenue for personnel adjustments within the Division. This increase is inclusive of personnel upgrades, increased costs for retirement benefits and health insurance, and reallocating funds for one FTE position. The position – titled Administrator of Information Systems Management - was originally funded through restricted receipts. The Governor recommends shifting these funds to general revenue. This position was approved in FY2021 and was to be located within the restricted receipts account, Contractor Registration Support – Building Commission. However, this account is no longer funded. In order to maintain this position, the Department decided to shift the position to general revenue. There is a corresponding restricted receipt increase of \$122,332. Below is a table outlining the various general revenue personnel changes by category.

Personnel Category	FY2023 Enacted	FY2024 Enacted	Change from Enacted	
Salary	\$3,785,340	\$4,008,443	\$223,103	5.9%
Benefits	612,485	609,187	(3,298)	-0.5%
Employee Retirement	1,248,897	1,355,059	106,162	8.5%
FICA	277,070	292,248	15,178	5.5%
Total	\$5,923,792	\$6,264,937	\$341,145	5.8%

State Fleet **(\$157,038)**

The Budget includes a net decrease of \$157,038 in general revenue to reflect revisions to the Division's capital fleet replacement and maintenance plan. According to the revised plan, the Division will expend \$70,000 for the maintenance and purchase of two vehicles.

Furniture and Equipment (restricted receipts) **(\$223,000)**

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

Natural Gas (restricted receipts) **\$52,395**

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

INSURANCE REGULATION

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

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

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

Personnel Adjustments **\$250,540**

The Budget includes \$4.7 million in general revenue for personnel expenditures, an increase of \$250,540 from FY2023 Enacted. This increase is inclusive of personnel upgrades, and increased costs for retirement benefits and health insurance. These funds are offset by a \$217,835 in turnover savings, of which, \$59,368 are general revenue and \$158,467 are restricted receipts. The table below illustrates all general revenue changes related to personnel expenditures.

Personnel Category	FY2023 Enacted	FY2024 Enacted	Change from Enacted	
Salary	\$2,753,023	2872129	\$119,106	4.3%
Benefits	554,341	613,291	58,950	10.6%
Employee Retirement	905,964	970,831	64,867	7.2%
FICA	205,988	213,605	7,617	3.7%
Total	\$4,419,316	\$4,669,856	\$250,540	5.7%

CANNABIS OFFICE

The passage of RIGL 21-28.11-1, otherwise known as The Rhode Island Cannabis Act, established the Cannabis Office, which provides administrative and technical support to the Cannabis Control Commission and the Cannabis Advisory Board. These two public bodies are tasked with overseeing the regulation, licensing, and control of adult use and medical cannabis. The office is entirely funded through restricted receipts.

Cannabis Office	General Revenue
FY2023 Enacted	\$1,440,464
<i>Target and Other Adjustments</i>	-
General Revenue Shift	(1,440,464)
FY2024 Enacted	\$0

Office of Cannabis	Other Fund Changes
General Revenue Shift (restricted receipts)	\$1,440,464
Seed-to-Sale System (restricted receipts)	(889,832)
Salary and Benefits (restricted receipts)	250,463

General Revenue Shift **(\$1.5 million)**

The Budget includes a decrease of \$1.5 million based on projected adult-use retail collections. The Office, which will be entirely funded through restricted receipts beginning in FY2024, projected a positive year-end balance of \$1.6 million in general revenue. The Budget transfers all revenue to restricted receipts, resulting in a \$1.5 million restricted receipt increase.

Revenue generated through the purchase of adult use marijuana are collected into two restricted receipt account; the Medical Marijuana Licensing Account, and the Marijuana Trust Fund. The Medical Marijuana Licensing account is funded entirely through registration and provider the fees associate with the medical program. The Marijuana Trust fund is supported by fees and taxes associated with adult-use marijuana.

Prior to adult use legalization, the FY2022 budget included a one-time appropriation of \$1.4 million in general revenue to alleviate a project shortfall due the legalization occurring December, which is half way though the fiscal year. With a positive year end balance, general revenue has been shifted to restricted receipts, and will continue to be supported through restricted receipts only.

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

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

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

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

OFFICE OF THE HEALTH INSURANCE COMMISSIONER

The Office of the Health Insurance Commissioner (OHIC) was established by legislation in 2004 to broaden the accountability of health insurers operating in the State of Rhode Island. Through FY2011, this sub-

program was contained in the Insurance Regulation program; however, it became a stand-alone program in the FY2012 Budget as Enacted.

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

Office of the Health Insurance Commissioner	General Revenue
FY2023 Enacted	\$3,777,735
<i>Target and Other Adjustments</i>	
	<i>28,447</i>
Human Services Programs Rates and Benefits Analysis	(909,171)
RI REACH	23,052
Centralized Services (statewide adjustment)	13,647
FY2024 Enacted	\$2,933,710

Human Services Programs Rates and Benefits Analysis ***(\$909,171)***

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

The Office submitted a status report in January 2023 and noted that additional time is needed to meet the statutory requirements because of delays onboarding the contract services. The Analysis is divided into two phases. Whereas phase one consists of multiple deliverables regarding in-scope services of the rate review, phase two will primarily consist of reports regarding stakeholder feedback and statutory language. Phase one reports were submitted on March 29, 2023, and the phase two report is expected to be submitted by September 2023.

RI REACH ***\$23,052***

The Budget includes an increase of \$23,052 in general revenue related to a 5.0 percent COLA for call center representatives employed by the Rhode Island Insurance Resource, Education, and Assistance Consumer Helpline (RI REACH). RI REACH is a division located within the Rhode Island Parent Information Network (RIPIN). OHIC utilizes RI REACH as its call center to connect with Rhode Island Residents and aid those in need of or have questions regarding health insurance.

SECURITIES REGULATION

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

Securities Regulation	General Revenue
FY2023 Enacted	\$863,630
<i>Target and Other Adjustments</i>	
Salary and Benefits	2,221
FY2024 Enacted	\$865,851

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

The Budget includes \$865,851 in general revenue for personnel expenditures, an increase of \$2,221 from FY2023 as Enacted. This increase is primarily due to an increase of \$20,750 in wages and a decrease \$21,408 in medical insurance expenditures. The increase is also associated with an increase of \$8,130 in employee retirement and a \$9,000 in general revenue savings due to the elimination of stipend payments in FY2024. The table below illustrates all general revenue changes related to personnel expenditures.

Personnel Category	FY2023 Enacted	FY2024 Enacted	Change from Enacted	
Salary	\$502,096	\$516,772	\$14,676	2.9%
Benefits	159,003	136,674	(22,329)	-14.0%
Employee Retirement	164,870	173,845	8,975	5.4%
FICA	37,661	38,560	899	2.4%
Total	\$863,630	\$865,851	\$2,221	0.3%

CAPITAL PROJECTS

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

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

Department of Labor and Training

Expenditures By Program	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Enacted	Final	Enacted	Enacted	Enacted	Enacted	Enacted
Central Management	\$1.6	\$1.4	\$1.4	\$0.0	-3.2%	\$1.8	\$0.4	27.5%
Governor's Workforce Board	28.2	40.5	42.9	2.5	6.1%	43.2	2.7	6.8%
Income Support	722.2	555.9	514.7	(41.1)	-7.4%	439.0	(116.8)	-21.0%
Injured Workers Services	9.4	11.4	9.9	(1.5)	-12.9%	10.3	(1.1)	-9.5%
Labor Relations Board	0.5	0.5	0.5	0.1	20.2%	0.6	0.1	22.3%
Workforce Development Services	17.6	20.6	36.4	15.9	77.1%	27.8	7.3	35.3%
Workforce Regulation and Safety	3.9	4.2	4.2	(0.1)	-2.1%	4.8	0.6	13.9%
Total	\$783.3	\$634.5	\$610.2	(\$24.3)	-3.8%	\$527.6	(\$106.8)	-16.8%
Expenditures By Source								
General Revenue	\$15.5	\$22.8	\$23.2	\$0.4	1.8%	\$17.7	(\$5.1)	-22.5%
Federal Funds	377.7	187.2	170.2	(17.0)	-9.1%	74.7	(112.5)	-60.1%
Restricted Receipts	27.2	32.3	34.8	2.5	7.7%	30.3	(2.0)	-6.3%
Other Funds	363.0	392.1	381.9	(10.2)	-2.6%	405.0	12.8	3.3%
Total	\$783.3	\$634.5	\$610.2	(\$24.3)	-3.8%	\$527.6	(\$106.8)	-16.8%
Authorized FTE Levels	461.7	461.7	461.7	-	-	461.7	-	-

\$ in millions. Totals may vary due to rounding

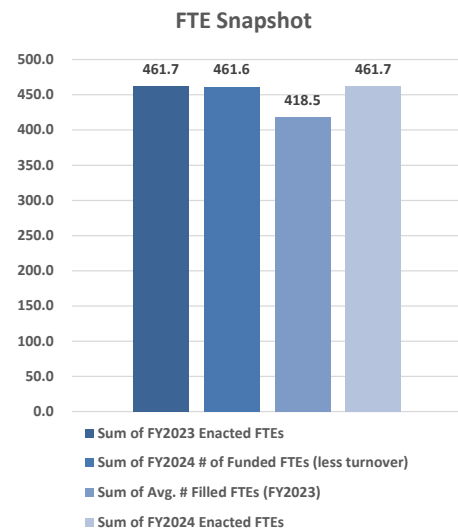
The Department of Labor and Training is charged with providing an array of employment and training services to Rhode Islanders and administering the laws pertaining to workforce regulation, safety and labor law enforcement. The Department consists of six divisions: Central Management, Governor's Workforce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

MAJOR ISSUES AND TRENDS

The FY2023 Final Budget includes \$610.2 million in all funds, reflecting a \$24.3 million, or 3.8 percent reduction from the FY2023 Budget as Enacted. The Budget includes \$23.2 million in general revenue, reflecting a \$406,994 or 1.8 percent increase from the FY2023 Enacted Budget. Federal funds realized the largest reduction, decreasing by \$17.0 million or 9.1 percent from the FY2023 enacted level, largely due to the exhaustion of federal COVID-19 relief funds that were used to support unemployment benefits during the pandemic.

The FY2024 Budget includes \$527.6 million in all funds, reflecting a \$106.8 million, or 16.8 percent reduction from the FY2023 Enacted Budget. The Budget includes \$17.7 million in general revenue, reflecting a \$5.1 million or 22.4 percent decrease from the FY2023 Budget as Enacted. Federal funds realized the largest reduction, decreasing \$112.5 million, or 60.1 percent from the FY2023 enacted level, primarily due to the exhaustion of federal COVID-19 relief funds as well as a \$100.0 million reduction related to the one-time expenditure of \$100.0 million in American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) deposited to the Unemployment Insurance Trust Fund in FY2023.

Additionally, the Budget advances \$10.0 million in ARPA SFRF to FY2024 from FY2025 for the Enhanced Real Jobs initiative,



reflecting a \$20.0 million appropriation in FY2024 and a \$30.0 million SFRF total. The Budget also provides \$100,000 in general revenue to support the ongoing operations of the Office of Community Engagement, which is charged with bringing diversity and inclusion to the Department's operations.

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

CENTRAL MANAGEMENT

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

Central Management	General Revenue
FY2023 Enacted	\$1,065,747
<i>Target and Other Adjustments</i>	<i>(27,368)</i>
Centralized Services (statewide adjustments)	340,038
Office of Community Engagement	100,000
Turnover	(12,666)
FY2024 Enacted	\$1,465,751

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

The Budget includes \$100,000 in general revenue to support the newly established Office of Community Engagement. The Department will use the funds to launch an advisory group of community-based organizations that will provide feedback on programming strategies and perform community outreach, in order to bolster both recruitment and engagement with Departmental programming. The first meeting of the advisory group was held in April of 2023. Additionally, the community-based organizations will be compensated for their time and effort, as well as for any materials they may use.

The Office of Community Engagement is charged with bringing diversity and inclusion to both the Department's internal and public-facing operations.

Turnover **(\$12,666)**

The Budget includes a \$12,666 general revenue savings related to turnover within the Central Management program. The FY2023 Budget as Enacted did not provide any turnover savings in the program.

GOVERNOR'S WORKFORCE BOARD

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

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

Article 11 of the FY2019 Budget included an adjustment to the Job Development Assessment, for tax year 2019 only, allowing the Department to divert an amount, up to 75.0 percent of the Employment Security

Fund's investment earnings for 2018, to the Job Development Fund (JDF). Since 1989, Rhode Island employers have paid a Job Development Assessment (JDA) to support workforce development activities. The JDA is collected with the State's payroll and unemployment insurance taxes.

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

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

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

Governor's Workforce Board	Other Fund Changes
ARPA SFRF: Enhanced Real Jobs (federal funds)	\$10,000,000
GWB Education Services (restricted receipts)	(1,985,530)

Skills for Rhode Island's Future ***(\$6.0 million)***

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

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

The Budget includes an additional \$10.0 million in ARPA SFRF, reflecting a total of \$20.0 million in FY2024, to enhance the RJRI platform initiative, which represents a direct response to the economic impact of the pandemic. Additionally, the Department must allocate \$3.0 million to the Office of Postsecondary Commission for supportive services. The initiative focuses on providing services to individuals facing unemployment, communities of color and low-income communities, small businesses, and industries severely affected by the COVID-19 health emergency and subsequent negative economic impacts.

The program provides both training and placement assistance for job seekers, as well as skills training for incumbent workers, business owners, and other types of participants. The Department indicates that since the program commenced in 2015, Real Jobs has trained over 29,649 workers, placed 13,296 jobseekers in employment, and served 4,472 businesses. The program includes 47 partnership leads with a total amount awarded of \$29.6 million in CY2023. The Department reports that in FY2022, the average cost per person enrolled was \$2,832. The following table illustrates the partnership leads and their funding allocations from the Real Jobs program in CY2023, with the largest appropriations allocated to Skills for Rhode Island's Future, the University of Rhode Island Research Foundation, Community College of Rhode Island, Amos House, and Genesis Center.

Partnerships	Funding Approved
RI Office of the Postsecondary Commissioner* (OPC)	\$4,359,833
Skills for Rhode Island's Future	4,000,000
URI Research Foundation DBA Polaris MEP	2,414,870
Community College of Rhode Island	1,305,580
Amos House	1,086,314
Genesis Center	1,084,921
Dorcas International Institute of RI	1,009,031
Rhode Island Builders Association	900,000
UA Local 51	851,772
RI Nursery and Landscape Association	838,000
Building Futures	749,353
Community Provider Network of RI	733,358
The Education Exchange	595,313
RI Hospitality Association	567,407
Teamsters Local 251 Driving School	549,000
Lifespan	513,520
RI Institute of Labor Studies & Research	441,203
AccessPoint RI	433,138
RI Black Business Association	400,575
Social Enterprise Greenhouse	400,321
Foster Forward	396,190
College Unbound	383,000
Center for Southeast Asians	382,383
Clinica Esperanza/Hope Clinic	376,338
New England Institute of Technology	376,200
SEIU Education & Support Fund	376,071
Operation Stand Down	355,171
RI Marine Trades Association	351,851
Crossroads RI	289,302
DESIGNxRI	267,565
NEMIC Foundation	262,200
Newport Community School	234,746
SENEDIA	225,500
Progreso Latino	210,197
North Kingstown Chamber of Commerce	203,740
Garden Time, Inc.	202,080
Fuerza Laboral	182,000
Toray Plastics America, Inc.	169,700
The WorkPlace	165,000
Oil Heat Institute EMARI	156,000
East Farm Commercial Fisheries Center	155,100
RI Society of CPAs	120,600
Open Doors	114,561
RI BIO	111,100
SEIU District 1199	110,925
Business Network for Offshore Wind	107,640
University of RI	65,943
Brown Medicine	18,752
Total	\$29,603,365

* Funds allocated to the OPC are for supportive services

Source: Real Jobs CY23 Funding & Investments Slide Deck, May 24, 2023

Under the model, funding is directed to providing career readiness programming, job-related basic skills education (including digital skills), supportive services, financial literacy and coaching, and workforce development training for members of communities hit hardest by COVID-19 and businesses (particularly

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

The Budget includes \$10.0 million in SFRF in FY2023 and \$20.0 million in FY2024 reflecting a total of \$30.0 million for the program. The following table illustrates the wage data by gender and race of Real Jobs participants from CY2019-CY2022. Female participants and Latino participants both realized the greatest change in wages, increasing by 18.0 percent and 16.4 percent respectively.

Wage Data of Real Jobs Participants, 2019-2022

Gender	2019	2020	2021	2022	% Change
					from 2019
Male	\$37,961	\$37,588	\$40,153	\$42,237	11.3%
Female	32,474	34,988	37,048	38,314	18.0%

Race					
White	\$37,341	\$38,096	\$40,242	\$42,340	13.4%
Black	33,429	34,413	36,238	38,073	13.9%
Asian	37,161	36,533	38,937	37,306	0.4%
Latino	33,562	34,241	36,434	39,065	16.4%

GWB Education Services (restricted receipts)

(\$2.0 million)

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

INCOME SUPPORT

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

Income Support	General Revenue
FY2023 Enacted	\$3,949,058
<i>Target and Other Adjustments</i>	<i>12,383</i>
Police and Firefighters' Relief Fund	(269,801)
Unemployment Benefit Statistics	Informational
FY2024 Enacted	\$3,691,640

Income Support	Changes
ARPA SFRF: Unemployment Trust Fund Contribution (federal funds)	\$100,000,000
Temporary Disability Insurance Payment of Benefits (other funds)	40,000,000
Unemployment Benefits (other funds)	(34,300,000)
COVID Emergency Funds (federal funds)	(21,126,000)
Temporary Disability Insurance Caregiver Benefits (other funds)	7,500,000
CARES Act (federal funds)	3,209,328

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

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

Police Officers' Relief Fund	FY2023 Enacted	FY2024 Enacted	Change
Pension Payments	\$988,081	\$676,700	(<i>\$311,381</i>)
Tuition Benefits	110,000	150,000	<i>40,000</i>
Subtotal	\$1,098,081	\$826,700	(<i>\$271,381</i>)
Firefighters' Relief Fund			
Pension Payments	\$2,430,000	\$2,381,580	(<i>\$48,420</i>)
Tuition Benefits	275,000	325,000	<i>50,000</i>
Subtotal	\$2,705,000	\$2,706,580	<i>\$1,580</i>
Total	\$3,803,081	\$3,533,280	(<i>\$269,801</i>)

The state is required to provide a 40.0 percent match to federal death benefit payments from the U.S. DOJ's Public Safety Officers' Benefits (PSOB) Program, which provides death benefits for law enforcement officers and firefighters killed in the line of duty. Under RIGL 45-19, the spouse of a deceased police officer or firefighter receives an annual annuity of \$3,600 per year for as long as they remain unmarried, or if there is no spouse a total sum not exceeding \$10,000 is payable to the parent(s) of the deceased police officer or firefighter. In addition, an annuity of \$1,200 per year is paid to each widow or widower for each child of a deceased firefighter or police officer who is under the age of 18. Also, under current law, children of deceased firefighters or police officers are eligible to receive up to four years of free tuition at the University of Rhode Island, Rhode Island College, or the Community College of Rhode Island. This tuition benefit is also available to any firefighter or police officer that is permanently disabled in the line of duty.

Unemployment Insurance Benefit Statistics**Informational**

Rhode Island currently ranks 16th in average UI benefits paid nationally and has the second-highest average UI benefits paid in New England. The State has the 8th highest weekly UI benefit payments without a dependent allowance in the nation and rises to 5th when the dependent allowance benefits are included. The following tables illustrate UI benefit payments within New England as well as nationally.

12 Months Ending 2nd Quarter 2023			
Average UI Benefits Paid			
State	Amount	New England	National
Massachusetts	\$9,553	1	1
Rhode Island	5,690	2	16
Connecticut	5,411	3	20
Maine	5,406	4	21
Vermont	4,877	5	28
New Hampshire	3,236	6	43

Source: US Dept. of Labor/UI Data Summary

12 Months Ending 2nd Quarter 2023			
Average Weekly UI Benefits Paid			
State	Amount	New England	National
Massachusetts	\$626	1	2
Vermont	455	2	12
Connecticut	441	3	16
Rhode Island	426	4	20
Maine	418	5	21
New Hampshire	343	6	33

Source: US Dept. of Labor/UI Data Summary

As of January 1, 2023			
Maximum Weekly UI Benefit			
State	Amount	New England	National
Massachusetts	\$1,015	1	1
Connecticut	703	2	7
Rhode Island	680	3	8
Vermont	668	4	11
Maine	538	5	25
New Hampshire	427	6	34

Source: US Dept. of Labor

As of January 1, 2023			
Maximum Weekly UI Benefit with Dependents Allowance			
State	Rate	New England	National
Massachusetts	\$1,522	1	1
Maine	941	2	3
Rhode Island	850	3	5
Connecticut	778	4	9
Vermont*	668	5	16
New Hampshire*	427	6	35

* No dependent's benefit provision

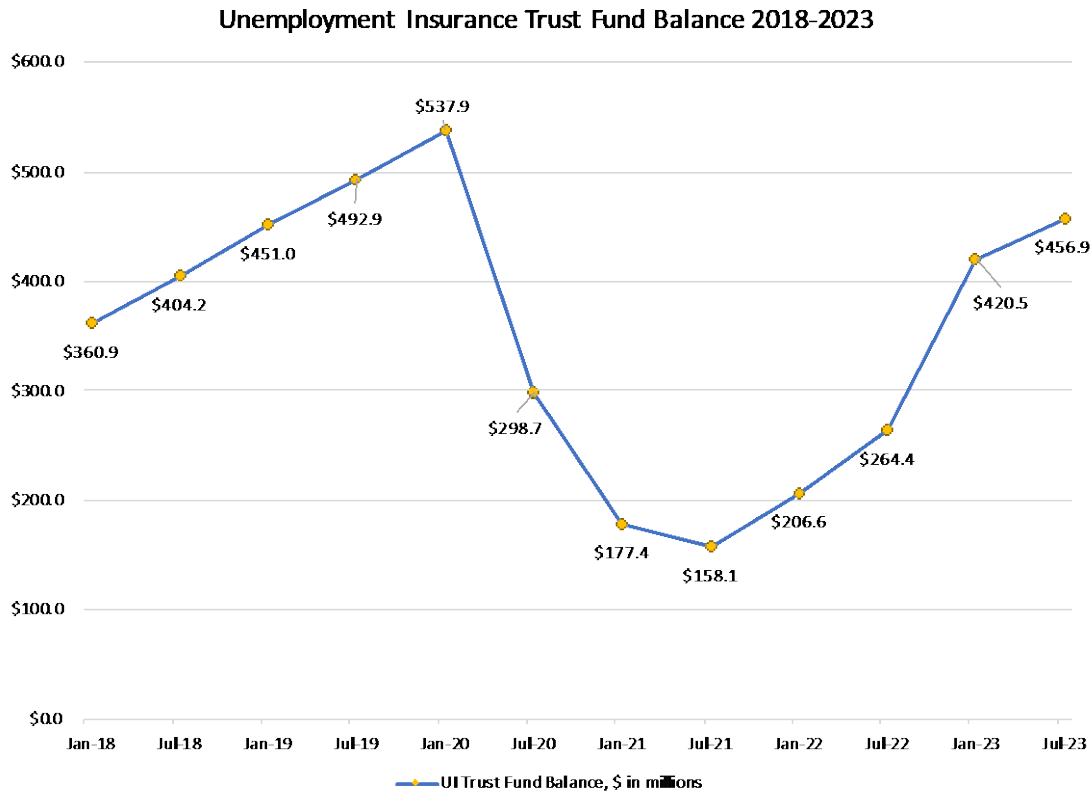
Source: US Dept. of Labor

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

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

As of July 1, 2023, the Unemployment Insurance Trust Fund had a balance of \$456.9 million compared to \$264.4 million in July of 2022, reflecting a \$192.5 million increase due in part to the federal fund injection. On September 26, 2022, the State deposited \$100.0 million in ARPA SFRF into the Unemployment Insurance Trust Fund. The following table and graph illustrate the fund balance from January 2018 through July 2023.

UI Trust Fund Balance	
January 2018	\$360,916,841
July 2018	404,156,204
January 2019	450,962,298
July 2019	492,860,542
January 2020	537,929,840
July 2020	298,697,367
January 2021	177,378,418
July 2021	158,088,616
January 2022	206,630,655
July 2022	264,356,534
January 2023	420,525,087
July 2023	456,887,741



Temporary Disability Insurance Payment of Benefits (other funds)

\$40.0 million

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

Unemployment Benefits (other funds)

(\$34.3 million)

The Budget includes \$142.8 million in other funds to support unemployment benefits, reflecting a \$34.3 million reduction from the FY2023 Enacted Budget. The decrease largely reflects a \$30.0 million reduction in unemployment insurance benefits as well as a \$3.0 million reduction in benefit payments made to other states. The majority of the additional funds were required due to rising unemployment due to the COVID-19 pandemic but are no longer necessary. The federal government made a number of changes to unemployment insurance regulations as a result of the pandemic, including increasing the length of time a person may collect unemployment insurance up to 79 weeks and including an additional supplemental payment for eligible individuals. Beginning in April 2020, the Department of Labor and Training was authorized to provide supplemental payments to individuals collecting unemployment. This additional payment was \$600/week from April 4, 2020, through July 31, 2020. An additional payment of \$300/week began again on January 2, 2021, and was extended through September 4, 2021, at a rate of \$300/week.

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

Unemployment Insurance	FY2023 Enacted	FY2024 Enacted	Change
Benefit Payments to Other States	\$6,000,000	\$3,000,000	(\$3,000,000)
Benefits - State Employees	1,300,000	1,300,000	-
Benefits - Unemployment Insurance	160,275,000	130,275,000	(30,000,000)
Benefits- Federal and Veteran Employment	1,500,000	2,200,000	700,000
Reimbursable Employers UI Benefits	8,000,000	6,000,000	(2,000,000)
Total	\$177,075,000	\$142,775,000	(\$34,300,000)

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

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

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

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

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

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

INJURED WORKERS SERVICES

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

Injured Workers Services	Other Fund Changes
FY2023 Enacted	\$11,403,127
<i>Target and Other Adjustments</i>	<i>(53,686)</i>
Contracted Medical Services (restricted receipts)	(608,977)
Personnel Salary and Benefit Adjustment (restricted receipts)	(419,712)
FY2024 Enacted	\$10,320,752

Contracted Medical Services (restricted receipts) (\$608,977)

The Budget includes \$1.5 million in restricted receipts for contracted medical services within the Injured Workers Services program, reflecting a savings of \$608,977 from the FY2023 Budget as Enacted. The savings reflect the removal of funding for contracted medical services within the Education Unit, due to the

agency not anticipating their use in FY2024 or the near future, creating a \$325,000 savings from the FY2023 Budget as Enacted. Additionally, the Budget includes a \$283,977 reduction in funding for contracted medical services at the Arrigan Center, reflecting a \$1.5 million FY2024 appropriation.

Personnel Salary and Benefit Adjustment **(\$419,712)**

The Budget includes \$5.1 million in restricted receipts to support the salary and benefits of personnel within the Injured Workers Services program, reflecting a reduction of \$419,712 from the FY2023 Enacted Budget. The savings is primarily related to the reallocation of personnel within the Department, specifically within the Prevailing Wage Unit. The following table illustrates the adjustment.

Salary and Benefit Adjustment	FY2023 Enacted	FY2024 Enacted	Change
Benefits	\$2,082,155	\$1,942,313	(\$139,842)
Overtime	-	4,514	4,514
Salaries	3,285,207	3,013,613	(271,594)
Statewide Benefit Assessment	131,826	119,036	(12,790)
Total	\$5,499,188	\$5,079,476	(\$419,712)

LABOR RELATIONS BOARD

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

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

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

The Budget includes \$495,620 in general revenue to support the salary and benefits of personnel within the Labor Relations Board program, reflecting an increase of \$118,864 from the FY2023 Enacted Budget. The adjustment includes increases of \$62,421 for benefits, \$50,673 for salary expenditures, and \$5,770 for the Statewide Benefit Assessment.

WORKFORCE DEVELOPMENT SERVICES

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

Workforce Development Services	General Revenue
FY2023 Enacted	\$1,103,105
<i>Target and Other Adjustments</i>	<i>(7,514)</i>
Centralized Services (statewide adjustments)	11,704
FY2024 Enacted	\$1,107,295

Workforce Development Services	Other Fund Changes
QUEST Grant (federal funds)	\$7,172,126
Workforce Innovation and Opportunity Act Grants (federal funds)	407,094

QUEST Grant (federal funds) \$7.2 million

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

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

Workforce Innovation and Opportunity Act Grants (federal funds) \$407,094

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

Workforce Innovation and Opportunity Act Grants	FY2023 Enacted	FY2024 Enacted	Change
Dislocated Worker Grants	\$4,335,450	\$5,531,021	\$1,195,571
Youth Activities	3,429,986	3,625,145	195,159
Adult Program	4,102,863	3,506,913	(595,950)
National Dislocated Worker COVID-19 Grant	410,616	22,930	(387,686)
Total	\$12,278,915	\$12,686,009	\$407,094

- **WIOA Dislocated Worker Grants:** Provides funding for significant dislocation events. DLT's Rapid Response team provides services for closing businesses and dislocated workers.
- **WIOA Youth Activities:** Provides support to help low-income youth, between the ages of 14 and 24, acquire the educational and occupational skills, training, and support needed to achieve academic and employment success and successfully transition into careers and productive adulthood.

- **WIOA Adult Program:** Provides funding to enable workers to obtain good jobs by providing them with job search assistance and training opportunities.
- **WIOA National Dislocated Worker COVID-19 Grants:** Provides support for dislocated workers directly affected by COVID-19.

WORKFORCE REGULATION AND SAFETY

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

Workforce Development Services	General Revenue
FY2023 Enacted	\$4,240,619
<i>Target and Other Adjustments</i>	<i>(25,317)</i>
Intra-Agency Transfer	525,618
Centralized Services (statewide adjustments)	87,689
FY2024 Enacted	\$4,828,609

Intra-Agency Transfer

\$525,618

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

Department of Revenue

Expenditures By Program	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Enacted	Final	Enacted	Enacted	Enacted	Enacted	Enacted
Director of Revenue	\$2.1	\$2.3	\$2.2	(\$0.0)	-0.7%	\$2.3	\$0.1	4.0%
Division of Collections	0.7	0.9	0.9	0.1	6.6%	1.0	0.1	12.9%
Lottery Division	364.6	436.8	389.1	(47.7)	-10.9%	391.8	(45.1)	-10.3%
Municipal Finance	133.5	133.7	133.7	(0.0)	0.0%	1.8	(131.9)	-98.7%
Office of Revenue Analysis	0.8	1.0	0.9	(0.0)	-2.8%	1.0	0.0	1.3%
Registry of Motor Vehicles	33.8	42.8	42.9	0.2	0.4%	36.1	(6.6)	-15.5%
State Aid	189.5	293.2	293.1	(0.1)	0.0%	326.2	33.0	11.3%
Taxation	33.1	37.1	35.5	(1.6)	-4.2%	39.8	2.7	7.4%
Total	\$758.1	\$947.7	\$898.4	(\$49.3)	-5.2%	\$800.0	(\$147.7)	-15.6%

Expenditures By Source								
	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Enacted	Final	Enacted	Enacted	Enacted	Enacted	Enacted
General Revenue	\$258.6	\$371.9	\$370.1	(\$1.8)	-0.5%	\$397.7	\$25.8	6.9%
Federal Funds	132.8	132.2	132.4	0.2	0.2%	0.8	(131.4)	-99.4%
Restricted Receipts	2.0	6.6	6.7	0.0	0.1%	9.6	2.9	43.8%
Other Funds	364.8	437.0	389.3	(47.7)	-10.9%	391.9	(45.1)	-10.3%
Total	\$758.1	\$947.7	\$898.4	(\$49.3)	-5.2%	\$800.0	(\$147.7)	-15.6%

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

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

MAJOR ISSUES AND TRENDS

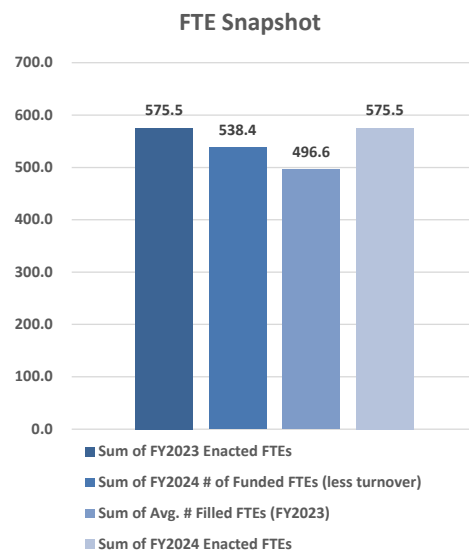
The Budget includes \$800.0 million from all funds in FY2024 and \$898.4 million in the FY2023 Final Budget, a 15.6 and 5.2 percent decrease, respectively. The FY2023 Final Budget is \$49.3 million less than the enacted level, and is primarily related to a \$45.3 million anticipated reduction in lottery prize payments in the current year.

The FY2024 Budget is overall \$147.7 million less than the enacted level. This is also related to a decrease in lottery payments, but also includes a \$132.0 million decrease in federal American Rescue Plan Act (ARPA) Local Fiscal Relief Funds (LFRF). These federal pandemic relief dollars are required to be disbursed to municipalities by the State via prescribed formulas set out in ARPA. The \$132.0 million in FY2023 represents the final disbursement and is not repeated in FY2024.

Important initiatives within the DOR budget include:

State Aid

- **Tangible Tax Exemption Program Reserve:** The Budget includes \$28.0 million in general revenue for a new state aid program that reimburses municipalities the foregone revenue associated with a new



statewide tangible property tax exemption. The appropriation is made with the provision that any unused funds be subject to automatic reappropriation to the following fiscal year (This provision ensures that funds available now are reserved for FY2025, when the program’s first impact will occur).

- **Motor Vehicle Excise Tax Reimbursement:** The Budget includes \$224.7 million in total general revenue funding for the Motor Vehicle Excise Phase Out (MVEP) program, \$3.8 million more than the FY2023 enacted level. The increase represents adjustments for fire districts, data updates, and the lagging phase-out payment for East Providence, whose fiscal year is one year behind other municipalities.
- **Distressed Communities Relief Fund:** The Budget includes level funding the Distressed Community Relief Fund in FY2024 at \$12.4 million in general revenue.
- **Payment in Lieu of Taxes (PILOT):** The Governor fully funds the State PILOT program at the 27.0 percent statutory level in FY2024, for a total of \$49.2 million in general revenue. This is \$767,821 over the enacted level.

Division of Motor Vehicles

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

Taxation

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

DIRECTOR OF REVENUE

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

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

Personnel

\$83,912

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

Personnel Category	FY2023 Enacted	FY2023 Final	Change to Enacted	FY2024 Enacted	Change to Enacted
Benefits	\$482,545	\$488,423	\$5,878	\$528,458	\$45,913
Salaries	847,797	838,779	(9,018)	884,350	36,553
Statewide Benefit Assessment	33,487	33,133	(354)	34,933	1,446
Total	\$1,363,829	\$1,360,335	(\$3,494)	\$1,447,741	\$83,912

DIVISION OF COLLECTIONS

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

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

Personnel **\$109,176**

The Budget includes \$903,644 in personnel expenditures in FY2024 in the DOR's Division of Collections. This is \$109,176 more than the enacted level. This is primarily associated with anticipated statewide increases in salaries, benefits, retirement, and other personnel costs.

Personnel Category	FY2023 Enacted	FY2023 Final	Change to Enacted	FY2024 Enacted	Change to Enacted
Benefits	\$288,568	\$309,504	\$20,936	\$335,169	\$46,601
Salaries	486,675	517,489	30,814	546,873	60,198
Statewide Benefit Assessment	19,225	20,441	1,216	21,602	2,377
Total	\$794,468	\$847,434	\$52,966	\$903,644	\$109,176

LOTTERY DIVISION

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

Lottery Division	Other Funds Changes
FY2023 Enacted	\$436,842,155
<i>Target and Other Adjustments</i>	236,072
Commission and Prize Payments	(45,318,463)
FY2024 Enacted	\$391,759,764

Commissions and Prize Payments (other funds) **(\$45.3 million)**

The net decrease of \$45.3 million in Commissions and Prize Payments is based on the May 2023 Revenue Estimating Conference (REC) estimates of VLT net terminal income and other lottery games. Net terminal income from VLTs is estimated to total \$532.1 million and net table game revenue (NTGR) is estimated to

total \$138.3 million. NTGR is deposited in the State lottery fund for administrative purposes with commissions distributed to Twin River and deductions made for casino operating expenses. The balance is remitted to the general fund.

DIVISION OF MUNICIPAL FINANCE

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

Division of Municipal Finance	General Revenue
FY2023 Enacted	\$1,738,044
<i>Target and Other Adjustments</i>	<i>21,387</i>
FY2024 Enacted	\$1,759,431

Division of Municipal Finance	Other Funds Changes
ARPA Local Fiscal Recovery Fund (federal)	(\$131,957,594)

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

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

According to guidance from Treasury, Local Fiscal Recovery Funds are allocated across three categories: county-level, non-entitlement unit level, and entitlement unit level. Treasury disburses funds directly to entitlement unit level governments while county and non-entitlement level unit funding must be appropriated by the General Assembly. Entitlement communities in Rhode Island include Cranston, East Providence, Pawtucket, Providence, Warwick, and Woonsocket. These communities received a total of \$272.8 million directly from Treasury in 2021 and 2022. The county-level and non-entitlement unit level funds were disbursed in two tranches, with 50.0 percent, or \$132.0 million, having been made available in May 2021 and the balance disbursed in May 2022. Since these funds have been fully appropriated and disbursed and do not recur, the FY2024 Budget shows a federal funds decrease of \$132.0 million as compared to the FY2023 Budget as Enacted level.

OFFICE OF REVENUE ANALYSIS

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

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

DIVISION OF MOTOR VEHICLES

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

Division of Motor Vehicles	General Revenue
FY2023 Enacted	\$39,062,598
<i>Target and Other Adjustments</i>	\$230,279
License Plate Reissuance	(8,475,011)
Mobile DMV	750,000
Personnel	244,656
FY2024 Enacted	\$31,812,522

License Plate Reissuance **(\$8.5 million)**

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

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

Mobile DMV **\$750,000**

The Budget shifts \$750,000 in general revenue from FY2023 to FY2024 to support the mobile delivery of Division of Motor Vehicles (DMV) services in the municipalities of Warren and Westerly. State law requires that DMV services be available in Warren three times a week and once in Westerly. These services had been provided at each communities' respective town halls. DMV suspended these services during the pandemic. The State is working to restore the capacity to deliver mobile DMV services via the RI Emergency Management Agency Mobile Command Center. The FY2023 Budget as Enacted included funding in the FY2023 Supplemental Budget; however, DMV indicates that the project is delayed and won't be implemented until FY2024.

Personnel **\$244,656**

The Budget includes \$20.5 million in personnel expenditures in FY2024 in the DMV, \$244,656 more than the enacted level. The Division has 213.5 authorized FTE positions. The planned expenditures are anticipated to support 170.6 FTE positions, including 3.0 FTE positions focused on increased Commercial Driver's License testing and 18.0 FTE positions focused upon RealID licensing. The increased costs are primarily associated with anticipated statewide increases in salaries, benefits, retirement, and other personnel costs.

Personnel Category	FY2023		Change to	FY2024	Change to
	Enacted	FY2023 Final	Enacted	Enacted	Enacted
Benefits	\$8.1	\$7.9	(\$0.1)	\$7.9	(\$0.2)
Overtime	0.4	0.4	(0.0)	0.4	(0.0)
Salaries	11.3	11.5	0.2	11.7	0.5
Statewide Benefit Assessment	0.5	0.5	(0.0)	0.4	(0.0)
Total	\$20.2	\$20.3	\$0.1	\$20.5	\$0.2

\$ in millions

STATE AID

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

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

State Aid	General Revenue
FY2023 Enacted	\$292,187,877
<i>Target and Other Adjustments</i>	-
Tangible Tax Exemption Program	28,000,000
Motor Vehicle Excise Phase Out	3,757,426
PILOT	767,821
Property Revaluation Program	491,382
FY2024 Enacted	\$325,204,506

Tangible Tax Exemption Program

\$28.0 million

Article 4 of the Budget provides for a new state aid program that reimburses municipalities the foregone revenue associated with a new statewide tangible property tax exemption. The Article exempts the first \$50,000 in tangible property value from property tax as of the assessment date of December 31, 2023. The Division of Municipal Finance will administer the program and reimburse municipalities 100.0 percent of the revenue foregone due to the exemption that would have been collected for FY2025. No adjustments are made to this baseline in future fiscal years. The Budget provides \$28.0 million in general revenue in FY2024 within the State Aid Program with the provision that any unused funds be subject to automatic reappropriation to the following fiscal year (This provision ensures that funds available now are reserved for FY2025, when the program's first impact will occur).

Motor Vehicle Excise Phase Out

\$3.8 million

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

The following table summarizes the net increase to the phase-out aid program. As described above, it includes the final increase for East Providence of \$4.2 million. It also includes technical adjustments to aid amounts to fire districts and the towns of Narragansett and Tiverton. Lastly, in the FY2023 Budget as

Enacted, the General Assembly included \$500,000 to account any increases in payments resulting from data updates from municipalities. This appropriation is not included in the FY2024 aid program.

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

PILOT**\$767,821**

The Budget includes \$49.2 million in general revenue for the State's Payment in Lieu of Taxes (PILOT) program in FY2024, \$767,821 more than the FY2023 Budget as Enacted. The program reimburses cities and towns for property taxes that would have been due on real property owned by entities that are statutorily exempt from paying taxes. These entities include private nonprofit institutions of higher education, nonprofit hospitals, or any state-owned property such as hospitals, veterans' residential facilities, or correctional facilities. The objective is to offset the costs to the community for providing public safety or other municipal services to these properties. Current law requires reimbursement at 27.0 percent of forgone tax revenue, but allows for a ratable reduction if the appropriation is less than this amount. Both the FY2023 and FY2024 amounts fully fund the program.

Property Revaluation Program**\$491,382**

The Budget includes \$906,329 in general revenue for the Property Revaluation program in FY2024, reflecting an increase of \$491,382 relative to the FY2023 enacted level. The change is based on a reduction in anticipated reimbursements, which are required by law. The following communities will be reimbursed for statistical updates in 2024: Burrillville, Central Falls, Charlestown, Jamestown, Lincoln, Little Compton, North Kingstown, North Smithfield, Providence, Scituate, Smithfield, and South Kingstown. Exeter, Foster, Middletown, Narragansett, Newport, Pawtucket, Tiverton, and Woonsocket. East Providence is scheduled for a full revaluation.

DIVISION OF TAXATION

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

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

Division of Taxation	Other Funds Changes
Tax Increment Financing Disbursement to Pawtucket (restricted receipts)	\$2,899,352

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

Legislation enacted in 2019 established several geographical districts within downtown Pawtucket in which any incremental tax revenues generated by new economic development would be made available to the City. CommerceRI is charged with certifying these new "economic activity tax" revenues and the Division of Taxation segregates them into their own account. Taxation disburses these Pawtucket Redevelopment

Activity Funds as directed by General Assembly appropriation. In 2021, prior to any new development taking place, DOR calculated the baseline revenues occurring within the district to be \$8.9 million.

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

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

Estimated Annual Debt Service Tidewater Stadium Project

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

Source: Executive Office of Commerce

CAPITAL PROJECTS

The Budget shifts \$850,000 from the Rhode Island Capital Plan Fund in FY2023 to FY2024 to pay for the installation of a generator at the Lottery which will be used as a backup power source in the event of a power outage. The shift is based on an updated timeline for the project.

Legislature

Expenditures By Program	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Auditor General	\$4.9	\$6.4	\$6.8	\$0.4	5.9%	\$7.0	\$0.6	9.3%
Fiscal Advisory Staff	2.0	2.3	2.4	0.0	2.2%	2.4	0.1	3.7%
General Assembly	6.7	6.9	11.2	4.2	60.6%	7.3	0.3	4.9%
Joint Comm. on Legislative Services	27.0	29.6	33.5	3.8	12.9%	31.1	1.4	4.9%
Legislative Council	3.5	5.2	5.3	0.1	2.6%	5.3	0.2	3.0%
Special Legislative Commissions	0.0	0.0	0.0	-	-	0.0	-	-
Total	\$44.0	\$50.5	\$59.1	\$8.6	17.0%	\$53.1	\$2.6	5.2%
General Revenue	\$42.7	\$48.5	\$57.0	\$8.5	17.5%	\$51.0	\$2.5	5.1%
Federal Funds	(0.0)	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
Restricted Receipts	1.3	1.9	2.0	0.1	5.7%	2.1	0.2	8.9%
Total	\$44.0	\$50.5	\$59.1	\$8.6	17.0%	\$53.1	\$2.6	5.2%
Authorized FTE Levels	298.5	298.5	298.5	-	-	298.5	-	-

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

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

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

MAJOR ISSUES AND TRENDS

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

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

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

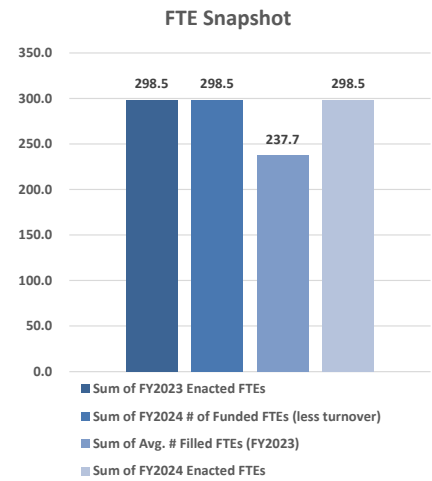
\$ in millions

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

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

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

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



Lieutenant Governor

Expenditures By Program	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Enacted	Final	Enacted	Enacted	Enacted	Enacted	Enacted
Lieutenant Governor	\$1.1	\$1.4	\$1.4	\$0.0	0.5%	\$1.4	\$0.1	4.2%
Expenditures By Source								
General Revenue	\$1.1	\$1.4	\$1.4	\$0.0	0.5%	\$1.4	\$0.1	4.2%
Federal Funds	0.0	-	-	-	-	-	-	-
Authorized FTE Levels	8.0	8.0	8.0	-	-	8.0	-	-

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

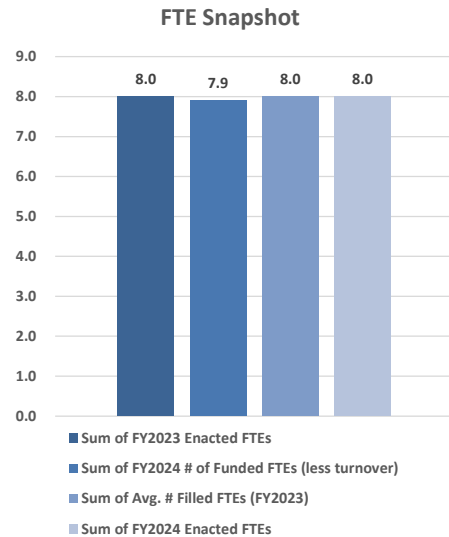
The Office of the Lieutenant Governor is one of the five general offices subject to voter election under the Constitution of Rhode Island. The Lieutenant Governor fulfills the executive responsibilities of the Governor upon his/her death, resignation, impeachment or inability to serve. The Lieutenant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

MAJOR ISSUES AND TRENDS

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

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

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



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

Personnel Adjustments**\$21,756**

The Budget increases general revenue by \$21,756 for salary and benefit adjustments, not including the increase for the Lieutenant Governor, based on the recent negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract. The signed contract included four cost-of-living adjustments (COLAs) of which the last COLA of 2.5 percent is set to occur in July 2023. The adjustments include turnover of \$13,903.

Lieutenant Governor Salary Adjustment**\$17,756**

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

Contracted Services**\$10,000**

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

Office of the Secretary of State

Expenditures By Program	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Enacted	Final	Enacted	Enacted	Enacted	Enacted	Enacted
Administration	\$3.9	\$4.0	\$4.0	(\$0.1)	-1.8%	\$4.6	\$0.6	14.6%
Corporations	2.5	2.7	2.6	(0.0)	-1.5%	2.8	0.1	4.8%
State Archives	0.7	0.7	0.7	0.0	2.0%	0.8	0.1	8.3%
Elections and Civics	3.1	5.1	5.2	0.2	3.6%	4.7	(0.4)	-7.6%
State Library	1.0	0.8	0.8	(0.0)	-1.7%	0.9	0.1	6.4%
Office of Public Information	0.5	0.7	0.7	0.0	1.3%	0.7	(0.1)	-8.0%
Total	\$11.7	\$14.0	\$14.1	\$0.1	0.6%	\$14.4	\$0.4	2.8%

Expenditures By Source								
General Revenue	\$10.1	\$11.9	\$11.9	\$0.1	0.6%	\$11.8	(\$0.0)	-0.2%
Federal Funds	1.0	1.6	1.6	(0.0)	-0.1%	2.0	0.4	23.5%
Restricted Receipts	0.6	0.5	0.6	0.0	1.1%	0.6	0.0	7.0%
Operating Transfers from Other Funds	-	-	-	-	-	-	-	-
Grand Total	\$11.7	\$14.0	\$14.1	\$0.1	0.6%	\$14.4	\$0.4	2.8%

Authorized FTE Levels	59.0	59.0	59.0	-	-	61.0	2.0	3.4%
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\$ in millions. Totals may vary due to rounding.

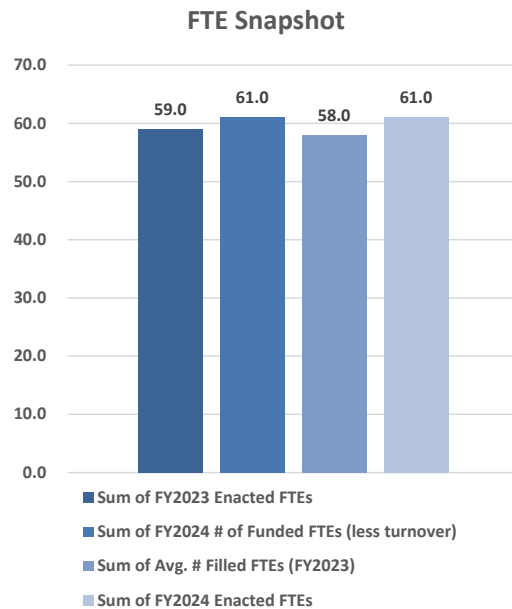
The Secretary of State is one of five general officers subject to voter election under the Constitution of Rhode Island. The Office of the Secretary of State prepares for state and local elections, manages the State's records, and provides public information about state government. The Office's budget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

MAJOR ISSUES AND TRENDS

The FY2023 Final Budget increases by \$73,175 in general revenue (\$79,353 all funds) from the FY2023 Budget as Enacted, primarily as a result of the general election expenses that occurred in 2022 and the purchase of new voting equipment, that was offset by increased turnover and less statewide benefit costs.

For FY2024, all fund expenditures increase by \$390,301. General revenue decreases by a net \$27,172, primarily due to the decrease of \$990,000 for general election expenses that will not occur in 2024. These expenses increase in odd-numbered fiscal years when there is a general election. Offsetting this decrease is an increase of \$220,000 in general revenue for the First Congressional District special election expenses. In addition, the Budget adds \$331,044 in salary and benefit expenses for a new Legal Counsel and Network IT Manager positions and \$175,000 for new grants.

The Budget includes 59.0 FTE positions in FY2023 and 61.0 FTE positions in FY2024.



ADMINISTRATION

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

Administration	General Revenue
FY2023 Enacted	\$4,049,383
<i>Target and Other Adjustments</i>	<i>(49,961)</i>
Legal Counsel	202,000
Operating Adjustments	181,245
Network IT Manager	129,044
Council for Humanities	100,000
Multilingual Elections Hotline	(90,000)
Computer Equipment	68,250
We the People Civics Challenge	50,000
FY2024 Enacted	\$4,639,961

Legal Counsel **\$202,000**

The Budget adds \$202,000 in general revenue covering the salary and benefits for a 1.0 Legal Counsel position. The Office of the Secretary does not employ an in-house counsel, instead relying on outside legal contracted services.

Operating Adjustments **\$181,245**

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

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

Network IT Manager **\$129,044**

The Budget adds \$129,044 in general revenue covering the salary and benefits for a new 1.0 Network IT Manager position, to manage, maintain, document, and operate the Office of the Secretary of State's IT network.

Council for the Humanities **\$100,000**

The Budget includes \$100,000 in general revenue to support the Rhode Island Council for the Humanities. The Humanities Council was established in 1973 as an independent state affiliate of the National Endowment for the Humanities (NEH). The Council provides grant support for humanities research, education, and programs, to individuals and organizations including schools, libraries, and museums.

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

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

Computer Equipment**\$68,250**

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

We the People National Championship**\$50,000**

The Budget adds \$50,000 in general revenue to cover expenses for Rhode Island to participate in the "We the People Civics Challenge," sponsored through the Center for Civic Education, which is a nonprofit, nonpartisan education organization that administers national and international civic education programs.

STATE ARCHIVES

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

State Archives	General Revenue
FY2023 Enacted	\$178,651
<i>Target and Other Adjustments</i>	
Software Maintenance Agreements	300
FY2024 Enacted	\$198,351

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

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

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

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

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

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

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

CORPORATIONS

The Corporations Division is the official State repository for business and commercial records, and maintains a searchable database that includes articles of incorporation and entity annual reports. The Division also houses the First Stop Information Center, a referral service for existing and potential small

business owners; the Uniform Commercial Code Unit for tangible property lien tracking; and, a Notary and Trademark application program.

Corporations	General Revenue
FY2023 Enacted	\$2,687,784
<i>Target and Other Adjustments</i>	
Personnel Adjustments	14,500
Electricity Expenses	91,932
Legal Services	31,700
Postage	(20,000)
FY2024 Enacted	\$2,815,916

Personnel Adjustments \$91,932

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

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

Electricity Expenses \$31,700

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

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

Legal Services (\$20,000)

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

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

Postage \$10,000

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

ELECTIONS AND CIVICS

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

Elections and Civics	General Revenue
FY2023 Enacted	\$3,439,462
<i>Target and Other Adjustments</i>	
Election Costs	(990,000)
Special Election Costs	220,000
FY2024 Enacted	\$2,676,107

Elections and Civics	Other Fund Changes
Federal HAVA Grant (federal funds)	\$379,642

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

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

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

Special Election Costs **\$220,000**

The Budget adds \$220,000 in general revenue to cover the special election costs for the 1st Congressional District. The holder of that congressional seat resigned on June 1, 2023, creating the vacancy. The primary will be held on September 5, 2023, and the general election will be held on November 7, 2023. The special election costs include postage and ballot printing expenses.

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

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

HAVA Award Revenue	
2018 HAVA Award	\$3,000,000
2020 HAVA Award	3,216,181
2022 HAVA Award	1,000,000
Interest Earnings	86,075
Total HAVA Award	\$7,302,256
Expenditures	
FY2019 Actual	\$907,311
FY2020 Actual	1,358,787
FY2021 Actual	413,758
FY2022 Actual	999,628
FY2023 Enacted	1,621,565
FY2024 Enacted	2,001,207
Total	\$7,302,256
HAVA Award Balance	\$0

STATE LIBRARY

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

State Library	General Revenue
FY2023 Enacted	\$825,475
<i>Target and Other Adjustments</i>	<i>10,567</i>
RI Black Heritage Society	25,000
Contract Services	18,000
FY2024 Enacted	\$879,042

Rhode Island Black Heritage Society \$25,000

The budget adds \$25,000 in general revenue to support the historical library administered by the Rhode Island Black Heritage Society. The Society exists to procure and collect artifacts, documents, records, etc., relating to the history and heritage of African-Americans and their descendants in Rhode Island.

Contract Services \$18,000

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

OFFICE OF PUBLIC INFORMATION

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

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

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

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

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

State House Tours**\$10,000**

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

RECORDS CENTER

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

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

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

Office of the General Treasurer

Expenditures By Program	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Enacted	Final	Enacted	Enacted	Enacted	Enacted	Enacted
General Treasurer	\$3.4	\$3.8	\$3.8	\$0.0	1.1%	\$4.1	\$0.4	10.1%
Employees' Retirement System	12.0	14.7	14.5	(0.2)	-1.4%	15.4	0.7	4.9%
Unclaimed Property	2.3	2.6	2.6	(0.0)	-0.4%	2.6	0.0	1.2%
Crime Victim Compensation Program	1.4	1.8	1.8	0.0	1.1%	1.9	0.1	2.7%
Total	\$19.1	\$22.8	\$22.7	(\$0.1)	-0.7%	\$24.0	\$1.2	5.2%

Expenditures By Source								
	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Enacted	Final	Enacted	Enacted	Enacted	Enacted	Enacted
General Revenue	\$3.4	\$3.6	\$3.6	\$0.1	1.4%	\$4.0	\$0.4	12.4%
Federal Funds	0.6	0.8	0.8	(0.0)	-2.5%	0.8	(0.0)	-0.9%
Restricted Receipts	14.6	17.8	17.6	(0.2)	-1.2%	18.6	0.8	4.2%
Other Funds	0.6	0.7	0.7	0.0	0.1	0.7	0.0	0.3%
Grand Total	\$19.1	\$22.8	\$22.7	(\$0.1)	-0.6%	\$24.0	\$1.2	5.2%

Authorized FTE Levels	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Enacted	Final	Enacted	Enacted	Enacted	Enacted	Enacted
Authorized FTE Levels	89.0	89.0	89.0	-	-	91.0	2.0	2.2%

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

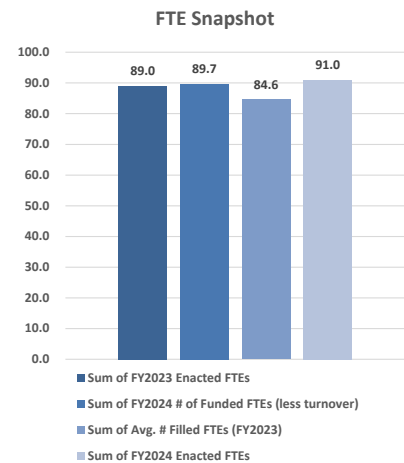
The Rhode Island Constitution establishes the Office of the General Treasurer, one of five general offices subject to voter election. The General Treasurer is charged with the safe and prudent management of the State's finances. The Treasury budget includes Treasury operations, the Employees' Retirement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

MAJOR ISSUES AND TRENDS

The FY2023 Final Budget includes \$22.7 million, of which \$3.6 million (15.9 percent) is general revenue. This reflects an all funds decrease of \$147,050, primarily due to a decrease of \$212,604 in restricted receipts offset by an increase of \$46,818 in general revenue.

The FY2024 Budget as Enacted includes \$24.0 million, of which \$4.0 million (16.6 percent) is general revenue. This reflects an all funds increase of \$1.2 million from the FY2023 Budget as Enacted, primarily reflecting an increase of \$754,932 in restricted receipt expenses within the State Retirement System for a new FTE position, operating, contract services, and disability determination costs; and an increase of \$437,176 in general revenue for a new FTE position and debt affordability study.

The Budget provides 89.0 FTE positions in FY2023 and in 91.0 FTE positions in FY2024, reflecting the addition of a 1.0 Cash Management Risk Mitigation Coordinator position to manage the daily cash movement and to assist the Cash Manager to implement risk management plans, and the addition of a 1.0 Retirement Counselor position.



GENERAL TREASURY

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

General Treasury	General Revenue
FY2023 Enacted	\$2,709,016
<i>Target and Other Adjustments</i>	
Cash Management Risk Mitigation Coordinator	142,310
Centralized Service Charges (statewide adjustments)	103,363
Debt Affordability Study	80,000
Contract Services	37,519
General Treasurer Salary Adjustment	17,756
FY2024 Enacted	\$3,096,255

Cash Management Risk Mitigation Coordinator **\$142,310**

The Budget adds \$142,310 in general revenue for a new Cash Management Risk Mitigation Coordinator position to manage the daily cash movement and to assist the Cash Manager to implement risk management plans.

Debt Affordability Study **\$80,000**

The Budget shifts \$80,000 in general revenue from FY2023 to FY2024 to reflect the actual timing of expenditures related to the publication of the Treasurer’s annual report on debt affordability for the State.

Contract Services **\$37,519**

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

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

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

EMPLOYEES’ RETIREMENT SYSTEM

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

Employees' Retirement System	Other Fund Changes
Personnel Adjustments (restricted receipts)	\$373,478
Operating Adjustments (restricted receipts)	176,300
Contract Service Adjustments (restricted receipts)	103,050
Disability Determinations (restricted receipts)	100,000

Personnel Adjustments (restricted receipts) \$373,478

The Budget increases restricted receipts by \$267,299 for salary and benefit adjustments based on the recent negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract. The signed contract included four cost-of-living adjustments (COLAs) of which the last COLA of 2.5 percent is set to occur in July 2023. The Budget also adds \$106,179 in restricted receipts covering the salary and benefits for a new 1.0 Retirement Counselor position.

Operating Adjustments (restricted receipts) \$176,300

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

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

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

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

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

Disability Determinations (restricted receipts) \$100,000

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

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

UNCLAIMED PROPERTY

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

Unclaimed Property	Other Fund Changes
Centralized Service Adjustment (restricted receipts) (statewide adjustments)	\$26,969

CRIME VICTIM COMPENSATION PROGRAM

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

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

Board of Elections

Expenditures By Program	FY2022 Actual	FY2023 Enacted	FY2023 Final	Change from Enacted	FY2024 Enacted	Change from Enacted
Board of Elections	\$2.6	\$6.2	\$6.0	(\$0.3) -4.5%	\$4.0	(\$2.3) -36.2%
Expenditures By Source						
General Revenue	\$2.6	\$6.2	\$6.0	(\$0.3) -4.5%	\$4.0	(\$2.3) -36.2%
Total	\$2.6	\$6.2	\$6.0	(\$0.3) -4.5%	\$4.0	(\$2.3) -36.2%
Authorized FTE Levels	13.0	13.0	13.0	-	13.0	-

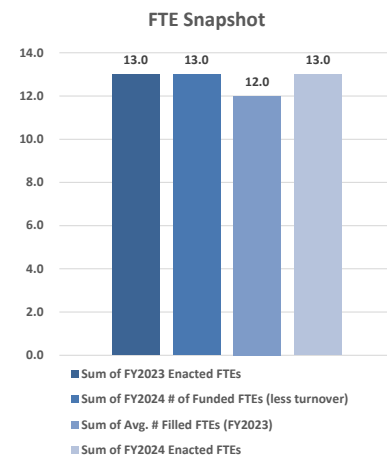
\$ in millions. Totals may vary due to rounding.

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

MAJOR ISSUES AND TRENDS

The FY2023 Final Budget includes \$6.0 million, reflecting a net decrease of \$279,652 in general revenue, mainly due to a decrease of \$380,620 in lower actual expenditures for matching public funds received by candidates for general office in the November 2022 general election, and \$30,518 in reimbursements to the matching public funds program.

For FY2024, the Budget includes \$4.0 million in general revenue, which is \$2.3 million less than the FY2023 Budget as Enacted. The decrease is largely attributable to temporary employees, voting equipment transportation, printing, and postage expenses that are only required in a general election year. The Budget increases contractual maintenance costs for the electronic poll pads for use in the 2024 presidential preference primary; increases expenses for the First Congressional District special election; and, increases rent and utility costs.



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

Central Management	General Revenue
FY2023 Enacted	\$6,249,463
<i>Target and Other Adjustments</i>	109,318
Election Adjustments	(2,445,149)
Rental of Outside Property and Utility Costs	68,096
FY2024 Enacted	\$3,981,728

Election Adjustments **(\$2.4 million)**

The Budget decreases general revenue expenditures by a net \$2.4 million for election related expenses, reflecting a decrease of \$2.8 million in personnel, contracted services, and operating expenditures for voter operating supplies and expenses that are not required in a non-general election year. These expenses decrease in even-numbered fiscal years when there is no statewide general election and no constitutional office elections.

This is offset by with the addition of \$309,563 in general revenue to cover the projected special election costs for the 1st Congressional District, including the delivery of election equipment to polling locations, maintenance of the Poll Pads, and the hiring of seasonal employees.

Election Adjustments	FY2023 Enacted	FY2023 Final	Change	FY2024 Enacted	Change
Public Finance of Elections	\$2,700,000	\$2,288,862	(\$411,138)	\$0	(\$2,700,000)
Express Delivery	160,000	160,000	-	350,000	190,000
Other Professional Services	55,000	185,000	130,000	155,000	100,000
Miscellaneous Expenses	100,000	100,000	-	82,000	(18,000)
Printing - Outside Vendors	80,000	80,000	-	62,500	(17,500)
Seasonal/Special Salaries/Wages	382,939	389,939	7,000	382,172	(767)
FICA: Social Security	83,780	80,131	(3,649)	84,637	857
FICA: Medicare	19,792	19,012	(780)	20,053	261
Total	\$3,581,511	\$3,302,944	(\$278,567)	\$1,136,362	(\$2,445,149)

Analyst Note: The special election for Senate District 1 will occur on the same dates as the 1st Congressional District. As such, the Board of Elections did not need to include separate funding for the special election to fill the Senate District 1 seat.

Rental of Outside Property and Electricity \$68,096

The Budget increases general revenue by \$68,096 for annual lease and utility costs for the Board of Elections office located at 2000 Plainfield Pike in Cranston. This includes an additional \$30,000 for rent (from \$550,000 to \$580,000), an increase of \$15,000 for electricity, and an increase of \$23,096 for natural gas.

Ethics Commission

Expenditures by Program	FY2022 Actual	FY2023 Enacted	FY2023 Revised	Change from Enacted		FY2024 Enacted	Change from Enacted
RI Ethics Commission	1.8	2.0	2.0	0.0	0.1%	2.1	\$0.1 5.0%

Expenditures by Source	FY2022 Actual	FY2023 Enacted	FY2023 Revised	Change from Enacted		FY2024 Enacted	Change from Enacted
General Revenue	1.8	2.0	2.0	0.0	0.1%	2.1	\$0.1 5.0%

Authorized FTE Levels	12.0	12.0	12.0	-	0.0%	12.0	- 0.0%
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\$ in millions. Totals may vary due to rounding.

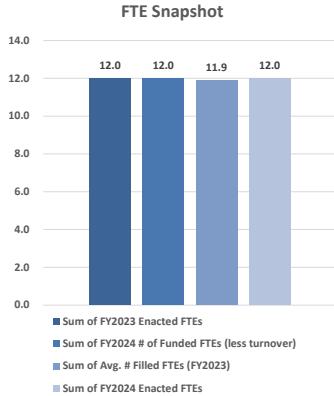
The Rhode Island Ethics Commission is responsible for adopting and disseminating the Rhode Island Code of Ethics, issuing advisory opinions to public officials and employees, enforcing financial disclosure policies and maintaining financial disclosure records, investigating and adjudicating complaints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

MAJOR ISSUES AND TRENDS

The FY2023 Revised Budget includes \$2.0 million, with a net increase of \$2,336 from the FY2023 Budget as Enacted. Expenditures include a decrease of \$51,532 in salary and benefits, and an increase of \$30,000 for a new, conflict free case management system.

The Budget includes \$2.1 million for FY2024. The budget net increase in general revenue is \$101,914 (5.0 percent) mainly to reflect the personnel costs related to the implementation of the conflict free case management system and planned personnel expenses related to cost of living adjustments (COLA).

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



Central Management	General Revenue
FY2022 Enacted	\$2,035,145
<i>Target and Other Adjustments</i>	6,700
Personnel Adjustments	40,469
Case Management System	40,000
Centralized Services (statewide adjustment)	14,745
FY2024 Enacted	\$2,137,059

Personnel Adjustments \$40,469

The Budget increases general revenue expenditures by a net \$40,469 reflecting planned personnel expenses related to COLA’s, as well as medical insurance waivers. The table below demonstrates the various changes in the Commission’s personnel budget.

Personnel Category	FY2023 Enacted	FY2024 Enacted	Change from Enacted	
Salary	\$1,070,174	\$1,113,009	\$42,835	4.0%
Benefits	185,796	158,009	(27,787)	-15.0%
Employee Retirement	347,700	370,597	22,897	6.6%
FICA	80,867	83,391	2,524	3.1%
Total	\$1,684,537	\$1,725,006	\$40,469	2.4%

Case Management System**\$40,000**

The Budget includes an increase of \$40,000 in general revenue for a conflict free, case management system. According the Commission, the current system has become obsolete, lacks functionality, and will no longer be supported by DOIT. In FY2023, the agency will work in conjunction with DOIT to design and develop a case management system for complaints and conflict of interest statements.

Office of the Governor

Expenditures By Program	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Enacted	Final	Enacted		Enacted	Enacted	
Governor	\$7.1	\$7.2	\$7.6	\$0.5	6.6%	\$8.4	\$1.3	17.5%
Expenditures By Source								
General Revenue	\$7.1	\$7.2	\$7.6	\$0.4	6.3%	\$8.4	\$1.3	17.5%
Federal Funds	0.0	-	0.0	0.0	-	-	-	-
Total	\$7.1	\$7.2	\$7.6	\$0.5	6.6%	\$8.4	\$1.3	17.5%
Authorized FTE Levels	45.0	45.0	45.0	-	-	45.0	-	-

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

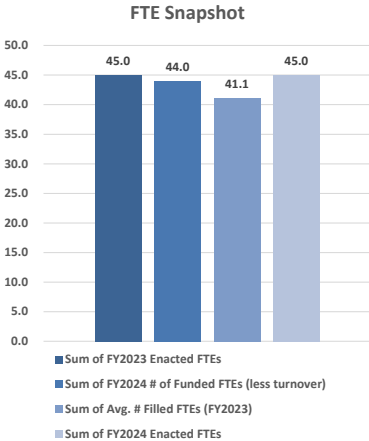
The Office of the Governor is one of five general offices subject to voter election under the Constitution of Rhode Island. The Office is responsible for directing the executive branch of government, including the preparation and submission of the annual state budget.

MAJOR ISSUES AND TRENDS

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

The FY2024 Budget as Enacted includes \$8.4 million in general revenue, reflecting a \$1.3 million increase from the previous year. The majority of this increase in funding (98.9 percent) supports personnel costs related to the statewide COLA and general officer salary increase.

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



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

Personnel Adjustments **\$1.2 million**

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

Salary Adjustments	FY2023 Enacted	FY2024 Enacted	Change
Assessed Fringe Benefits	\$166,199	\$195,673	\$29,474
Longevity Pay	16,063	16,465	402
Payroll Accrual	-	28,747	28,747
Regular Wages	4,584,661	5,102,970	518,309
Turnover	(393,132)	(165,704)	227,428
Subtotal	\$4,373,791	\$5,178,151	\$804,360

Benefit Adjustments	FY2023 Enacted	FY2024 Governor	Change
Defined Contribution Plan	\$42,120	\$49,185	\$7,065
Dental Insurance	20,778	22,807	2,029
Employees' Retirement	1,178,546	1,435,099	256,553
FICA: Medicare	61,011	71,828	10,817
FICA: Social Security	249,649	288,263	38,614
Medical Insurance	412,003	494,742	82,739
Medical Insurance Waiver Bonus	8,008	6,006	(2,002)
Retiree Health Insurance	184,939	223,910	38,971
Vision Insurance	3,148	3,882	734
Subtotal	\$2,160,202	\$2,595,722	\$435,520

Salary and Benefit Adjustment		\$1,239,880
Less Governor's Compensation Increase		25,021
Total Adjustment		\$1,214,859

Governor's Salary Adjustment

\$25,021

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

Contingency Fund

Informational

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

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

Source: Budget Data Tables and RIFANs
 FY2023 Expenditures as of March 13, 2023
 Italics reflects requested amounts or non-finalized amounts

Rhode Island Commission for Human Rights

Expenditures By Program	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Enacted	Final	Enacted		Enacted	Enacted	
Commission for Human Rights	\$1.8	\$2.1	\$2.2	\$0.0	1.8%	\$2.4	\$0.2	10.2%
Expenditures By Source								
General Revenue	\$1.5	\$1.7	\$1.8	\$0.1	4.6%	\$2.0	\$0.3	14.9%
Federal Funds	0.3	0.4	0.4	(0.0)	-10.3%	0.4	(0.0)	-10.3%
Total	\$1.8	\$2.1	\$2.2	\$0.0	1.8%	\$2.4	\$0.2	10.2%
Authorized FTE Levels	14.0	15.0	15.0	-	-	15.0	-	-

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

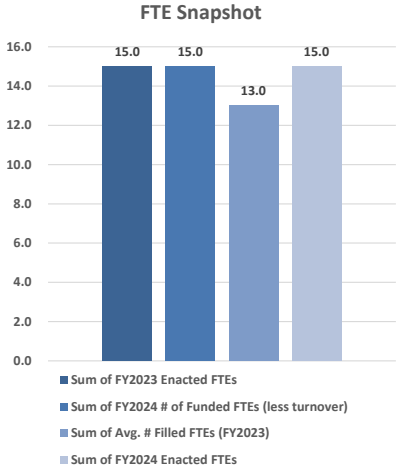
The Rhode Island Commission for Human Rights enforces anti-discrimination laws in the areas of employment, housing, public accommodations, credit, and delivery of services. Major program activities include outreach and education, intake, investigation, conciliation, and administrative hearings.

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

MAJOR ISSUES AND TRENDS

The FY2023 Final Budget includes \$2.2 million in all funds, of which \$1.8 million is general revenue and \$395,214 are federal funds. This reflects an increase of \$116,491 in general revenue and a decrease of \$13,197 in federal funds from the enacted budget. The increase in general revenue primarily reflects paygrade classification changes occurring in March 2023.

The FY2024 Budget includes \$2.4 million in all funds, of which \$2.0 million is general revenue and \$359,101 is federal funds, reflecting an increase of \$264,912 in general revenue and a decrease of \$49,310 in federal funds. The increase in general revenue primarily reflects paygrade classification changes occurring in March 2023, while the decrease in federal funds reflects the shift of the office rental costs from federal funds to general revenue.



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

Commission for Human Rights	General Revenue
FY2023 Enacted	\$1,744,334
<i>Target and Other Adjustments</i>	17,224
Personnel Adjustments	185,044
Rental of Outside Property	36,475
Case Management System	26,169
FY2024 Enacted	\$2,009,246

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

Personnel Adjustments **\$185,044**

The Budget adds \$185,044 in general revenue as a result of paygrade classification changes. The adjusted paygrades were approved at a Classified Service Classification and Pay Plan public hearing held on March 15, 2023, at the Department of Administration. At this hearing, approval was granted to reclassify all 15.0 FTE positions, of which 3.0 FTE positions had a change in titles. No additional FTE positions were added to the agency.

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

The Commission's leased office is located at 180 Westminster Street in the City of Providence. The lease was renewed with Dorwest Associates on September 1, 2021, and expires on August 31, 2026. The annual lease expense is \$209,351, encompassing an increase of \$36,475 in general revenue (\$826 all funds) from the previous fiscal year. This year, the Budget splits the rental cost 89.0 percent paid by general revenue and 11.0 percent paid by federal funds. The enacted budgets for FY2020, FY2021, and FY2022 shifted most of the rental cost from general revenue to federal funds, to reduce general revenue expenses and absorb an existing federal fund surplus in the agency. Half of the federal cost was paid from Equal Employment Opportunities Commission (EEOC) funds and half from the federal Department of Housing and Urban Development (HUD).

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

Case Management System **\$26,169**

The Budget adds \$26,169 in general revenue for license agreements associated with Case Management System, which will allow the Commission to communicate with the U. S. Equal Employment Opportunity Commission (EEOC) system in order for the Commission to process and get paid for co-filed cases. The Budget also includes \$124,404 general revenue in the FY2023 Revised Budget for design and implementation costs to integrate the new case management system with the EEOC.

Public Utilities Commission

Expenditures By Program	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Enacted	Final	Enacted		Enacted	Enacted	
Public Utilities Commission	\$10.9	\$13.6	\$13.7	\$0.2	1.1%	\$14.3	\$0.7	5.1%
Expenditures By Source								
Federal Funds	\$0.5	\$0.6	\$0.5	(\$0.1)	-10.1%	\$0.6	\$0.0	1.9%
Restricted Receipts	10.4	13.0	13.2	0.2	1.6%	13.7	0.7	5.2%
Grand Total	\$10.9	\$13.6	\$13.7	\$0.2	1.1%	\$14.3	\$0.7	5.1%
Authorized FTE Levels	52.0	54.0	54.0	-	-	54.0	-	-

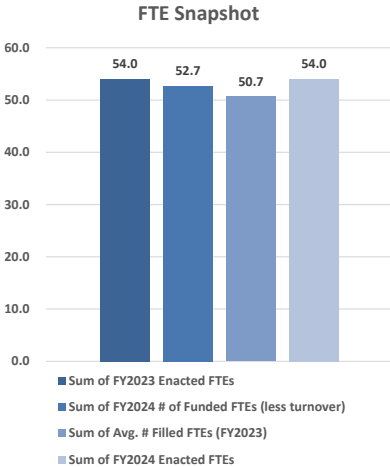
\$ in millions. Totals may vary due to rounding.

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

MAJOR ISSUES AND TRENDS

The FY2023 Final Budget provides a total operating budget of \$13.7 million, including \$13.2 million in restricted receipts, and \$523,718 in federal funds. This represents an increase of \$150,592 (1.1 percent) from the FY2023 Budget as Enacted. As the agency does not receive any general revenue funding, the costs are a pass-through expenditure and are paid by the regulated utilities pursuant to RIGL 39-1-23.

The FY2024 Budget provides a total operating budget of \$14.3 million, including \$13.7 million in restricted receipts and \$593,775 in federal funds. The Budget reflects an all funds increase of \$691,535 (5.1 percent) compared to the FY2023 Budget as Enacted. The significant restricted receipt increases include \$294,501 for various salary cost-of-living adjustment (COLA) and benefit planning value adjustments, \$200,000 for contracted financial service expenses associated with the Affordable Clean Energy Act, and \$100,000 for Microgrid Tariff Development.



The Public Utilities Commission pays an annual rent of \$333,420 in restricted receipts for the rental of the state-owned office building at 89 Jefferson Boulevard in the City of Warwick.

The Budget provides a staffing level of 54.0 FTE positions in FY2023 and in FY2024 consistent with the enacted budget.

Public Utilities Commission	Other Fund Changes
Personnel Adjustments (restricted receipts)	\$294,501
Contracted Financial Services (restricted receipts)	200,000
Microgrid Tariff Development (restricted receipts)	100,000
Personnel Adjustments (federal funds)	66,086
Contracted Financial Services (federal funds)	(55,000)
Centralized Services (restricted receipts) (statewide adjustments)	51,898

Personnel Adjustments (restricted receipts) \$294,501

The Budget increases restricted receipts by \$294,501 for salary and benefit adjustments based on the recent negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract. The signed contract includes four COLAs of which the last COLA of 2.5 percent is set to occur in July 2023. There is a corresponding increase of \$66,086 in federal funds.

Contracted Financial Services (restricted receipts) \$200,000

The Budget includes an increase of \$200,000 in restricted receipts from the previous fiscal year, for contracted financial services. The 2022 General Assembly amended the Affordable Clean Energy Act, enabling Division of Public Utilities and Carriers to bill public utility companies up to \$200,000 annually for expenses associated with the Affordable Clean Energy Act. The Act is designed to make coordinated, cost-effective, strategic investments in energy resources and infrastructure to improve energy system reliability and security, and to protect the quality of life and environment for all residents and businesses in Rhode Island. The Budget includes \$75,000 in federal funds, a decrease of \$55,000 from the previous year for the same purpose.

Microgrid Tariff Development (restricted receipts) \$100,000

The Budget adds \$100,000 in restricted receipts for the Public Utilities Commission (PUC) to hire additional expert(s) to manage the process to develop a microgrid services tariff. The PUC will contract a consultant to lead the stakeholders.

A microgrid project is a group of interconnected loads and distributed energy resources within clearly defined electrical boundaries that act as a single controllable entity with respect to the utility’s electrical grid and can connect to a public utility’s electrical grid to operate in grid-connected mode and can disconnect from the grid to operate in autonomous mode.

A microgrid services tariff is a tariff that is designed to provide fair compensation for electricity, electric grid services, and other benefits provided to, or by, the electric utility, the person or entity operating the microgrid, and other ratepayers.

CAPITAL PROJECTS

The 5-year capital plan includes \$825,000 in restricted receipts for two capital projects including ongoing asset protection of the state-owned facility at 89 Jefferson Boulevard in the City of Warwick and to develop an online electronic business portal (EBP).

- **Electronic Business Portal (EBP):** The Budget includes \$250,000 in FY2023 to finance the development of an online electronic business portal (EBP) for docket (official proceedings) management and for e-filing capabilities. The EBP will have an in-house scheduler for Commission employees to track dockets and tasks assigned to each docket, and will have a list server to allow the public to track specific dockets. The EBP will relieve the Division and Commission staff of document filing and document management responsibilities.

Executive Office of Commerce

Expenditures By Program	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Enacted	Final	Enacted		Enacted	Enacted	
Central Management	\$2.3	\$2.4	\$2.2	(\$0.2)	-8.4%	\$2.2	(\$0.1)	-4.5%
Commerce Programs	20.3	54.8	41.3	(13.5)	-24.6%	101.2	46.3	84.5%
Economic Development Initiatives Fund	68.1	37.0	41.8	4.8	13.0%	64.9	27.9	75.5%
Housing and Community Development	51.1	122.3	148.7	26.4	21.6%	-	(122.3)	-100.0%
Quasi-Public Appropriations	20.5	26.2	32.0	5.8	21.9%	73.4	47.1	179.6%
Total	\$162.4	\$242.7	\$265.9	\$23.2	9.6%	\$241.6	(\$1.1)	-0.4%

Expenditures By Source								
General Revenue	\$84.2	\$49.2	\$57.4	\$8.2	16.6%	\$66.4	\$17.2	35.0%
Federal Funds	66.5	185.0	192.3	7.3	3.9%	174.4	(10.6)	-5.7%
Restricted Receipts	5.1	7.7	15.2	7.6	98.5%	-	(7.7)	-100.0%
Other Funds	6.6	0.8	1.1	0.3	31.7%	0.8	-	0.0%
Total	\$162.4	\$242.7	\$265.9	\$23.2	9.6%	\$241.6	(\$1.1)	-0.4%

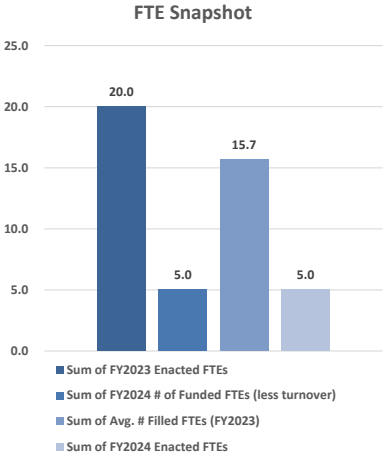
Authorized FTE Levels	16.0	20.0	20.0	0.0	0.0%	5.0	(15.0)	-75.0%
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\$ in millions. Totals may vary due to rounding.

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

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

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



MAJOR ISSUES AND TRENDS

The Budget provides a total of \$241.6 million to fund the economic development initiatives and operations of the Executive Office of Commerce and Commerce RI in FY2024. General revenue represents 27.5 percent of the total, or \$66.4 million. This is an increase of \$17.2 million (35.0 percent) from the FY2023 enacted level. This net increase is primarily related to additional funding for incentives in the Economic Development Initiatives program, with particularly notable increases in the First Wave Closing Fund and the RebuildRI program.

Reorganization

As noted above a new Department of Housing was created by the General Assembly in 2022. The EOC’s Office of Housing and Community Development and its staff were transferred to the new Department as of January 1, 2023. The General Assembly provided for a period of transition to stand up the new department in which programs and staff resided within the EOC for half of FY2023. With 15.0 FTE positions shifting

from the EOC to Housing, the Budget includes a restructured staff of 5.0 FTE positions, including a new fiscal manager and administrative assistant.

The Budget authorizes 20.0 FTE positions in FY2023 and 5.0 in FY2024. As of January 28, 2023, EOC had 17.0 filled FTE positions. The latter amount reflects filled FTE positions that are still being reported as being at the EOC although they have been assigned to Housing. Once FY2024 begins the allocation of authorized FTEs as compared to filled FTEs will appear within the correct agencies.

Federal Funding

Federal funds represent 72.2 percent of EOC’s recommended FY2024 Budget. This is a net decrease of \$5.7 million compared to the enacted level, reflecting two significant changes occurring in FY2024.

- **Housing Transfer:** First is the transfer of OHCD programs to the new Department of Housing. This results a \$113.1 million decrease in combined American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) and traditional federal housing grants within the EOC.

OHCD	FY2024 Federal Funds
ARPA SFRF Initiatives (federal funds)	(\$97.0)
Federal Grants (federal funds)	(16.1)
Total	(\$113.1)

\$ in millions

- **ARPA SFRF Initiatives:** The reduction in federal housing funds is offset by \$108.3 million increase in non-housing-related ARPA SFRF funds. This increase relates to the need to budget the entire planned expenditure amounts for the various ARPA projects in FY2024 as opposed to the original out-year budgeting schedule that was included in the FY2023 Budget as Enacted. This decision is based on a clarification made in 2022 by the U.S. Department of Treasury regarding what constitutes the obligation of SFRF funds. Prior to the new guidance OMB considered the act of appropriating funds sufficient to meet the obligation deadlines and requirements under ARPA. Treasury has since clarified that ARPA monies have to be allocated to the final recipients by FY2024. The net funding changes are summarized in the following table.

ARPA SFRF Initiative	FY2023		Change to Enacted	FY2024	
	Enacted	FY2023 Final		Enacted	Change to Enacted
Port of Davisville	\$6.0	\$6.0	\$0.0	\$59.0	\$53.0
Bioscience Investments	5.0	-	(5.0)	45.0	40.0
South Quay Marine Terminal	12.0	12.0	-	35.0	23.0
Blue Economy Investments	10.0	-	(10.0)	-	(10.0)
Small Business Financial and Technical Assistance	-	13.3	13.3	0.3	0.3
Minority Business Accelerator	2.0	2.0	-	4.0	2.0
Destination Marketing	1.5	1.5	-	1.5	-
Total	\$36.5	\$34.8	(\$1.7)	\$144.8	\$108.3

\$ in millions

Incentives

In 2015, the General Assembly established numerous economic development incentives to spur investment in new capital and critical industry sectors, improve the workforce, and promote innovation. General revenue appropriations supporting these incentives totaled \$211.4 million prior to FY2023. The FY2023 Budget includes an additional \$25.9 million and the FY2024 Budget includes \$50.6 million. The following table shows the total appropriations, awards, and remaining balances for each of the incentives:

Incentive	Pre-FY2023	FY2023	FY2023	FY2024	Appropriated To	Awarded to	Balance
		Enacted	Final	Enacted	Date	Date	
Rebuild RI	\$134.7	\$13.5	\$13.5	\$26.4	\$174.6	\$203.1	(\$28.5)
I-195 Redevelopment Fund	28.0	-	-	2.0	30.0	3.0	27.0
First Wave Closing Fund	10.3	-	-	10.0	20.3	11.1	9.2
Wavemaker Fellowship	10.1	3.2	3.2	4.0	17.3	11.6	5.7
Small Business Assistance Fund	6.6	0.7	0.7	2.0	9.3	5.7	3.6
Innovation Initiative	12.5	1.0	1.0	2.0	15.5	11.7	3.8
Main Street RI Streetscape Improvement Fund	3.0	5.0	5.0	1.0	9.0	2.8	6.2
Air Service Development Fund	2.5	2.3	2.3	2.3	7.0	2.5	4.5
P-Tech	2.5	-	-	-	2.5	1.6	0.9
SupplyRI/Small Business Promotion	1.2	0.3	0.3	1.0	2.5	1.4	1.1
Qualified Jobs Tax Incentive	-	-	-	-	-	98.1	(98.1)
Tax Increment Financing	-	-	-	-	-	80.1	(80.1)
Tax Stabilization Agreement Incentive	-	-	-	-	-	2.1	(2.1)
Total	\$211.4	\$25.9	\$25.9	\$50.6	\$287.9	\$434.8	(\$146.9)

\$ in millions

The Budget includes revisions to some of the incentives as follows:

- **Reauthorization of Economic Development Incentive Programs:** Extends the sunset provisions on economic development incentive programs from December 31, 2023, to December 31, 2024.
- **Wavemaker Fellowship Program:** Expands the Wavemaker Fellowship Program to explicitly include teachers.
- **RebuildRI:** Raises the total program cap on the Rebuild RI Tax Credit and Sales Tax Exemption program (Rebuild RI).
- **Main Street RI:** Expands the uses of Main Street Rhode Island Streetscape Improvement Program (Main Street RI) funding to include technical assistance.
- **Innovation Initiative:** Modifies the Innovation Initiative incentive program by increasing the maximum voucher awards from \$50,000 to \$75,000.

CENTRAL MANAGEMENT

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

Central Management	General Revenue
FY2023 Enacted	\$2,356,175
<i>Target and Other Adjustments</i>	<i>(9,639)</i>
Personnel	(97,168)
FY2024 Enacted	\$2,249,368
Personnel	(\$97,168)

The Budget includes a net \$97,168 reduction in personnel expenditures within EOC's Central Management program for FY2024.

Initiative	FY2023	FY2024	Change
	Enacted	Enacted	
New Positions	-	\$267,854	\$267,854
Other Salary and Benefits Changes	1,137,056	772,034	(365,022)
Total	\$1,137,056	\$1,039,888	(\$97,168)

The Budget includes \$267,854 in general revenue to fund the FY2024 personnel costs for 2.0 new FTE positions within the Executive Office of Commerce's Central Management program. These consist of a 1.0 Chief Fiscal Manager and a 1.0 Administrative Secretary, bringing the staff to 5.0 FTE positions in total.

These additional expenditures are offset by a \$365,022 other salary and benefits savings related to statewide personnel cost changes as outlined in the following table.

Other Salary and Benefit Changes	FY2023	FY2024	Change
	Enacted	Enacted	
Salaries	\$753,199	\$493,019	(\$260,180)
Benefits	354,107	259,541	(94,566)
Statewide Benefit Assessment	29,750	19,474	(10,276)
Total	\$1,137,056	\$772,034	(\$365,022)

COMMERCE PROGRAMS

The Budget includes \$7.3 million from general revenues in FY2024 to support Commerce Programs, \$3.2 million less than the FY2023 Enacted level. The Budget includes \$93.9 million in federal American Rescue Plan Act funds for small business assistance, economic development, and infrastructure initiatives.

Commerce Programs	General Revenue
FY2023 Enacted	\$10,450,000
<i>Target and Other Adjustments</i>	
Main Street RI Streetscape Improvement Program	(4,000,000)
Wavemaker Fellowship Program	800,000
FY2024 Enacted	\$7,250,000
Central Management	
ARPA SFRF Initiatives (federal funds)	55,327,999
ARPA CPF Broadband (federal funds)	(5,809,500)

Main Street RI Streetscape Improvement Program (\$4.0 million)

The Budget includes \$5.0 million of general revenue in FY2023, consistent with the enacted level, and \$1.0 million in FY2024 to support State’s Main Street RI Streetscape Program. The program provides loans, matching grants, and other forms of financing to municipalities and other organizations to upgrade streetscapes in local business districts. Projects include refurbishing facades, improved lighting, and signage. Recipients are required to provide a 30.0 percent match. Since its inception \$8.0 million has been appropriated to the program of which \$2.8 million has been awarded (the General Assembly appropriated \$5.0 million for FY2023). The program has supported 24 projects across 16 municipalities.

The Budget also adds technical assistance to the list of uses for program funds. Article 7 makes this amendment and authorizes CommerceRI to establish by rules and regulations the maximum amount from the fund that may be used for technical assistance. It also reauthorizes the program for another year by extending the sunset provision from December 31, 2023, to December 31, 2024.

Wavemaker Fellowship Program \$800,000

The Budget includes \$4.0 million in general revenue in FY2024 for the Stay Invested in RI Wavemaker Fellowship Fund, \$800,000 more than the FY2023 enacted level. This is to support an additional cohort of 100 fellows in FY2024.

Background: Established in 2015, the Wavemaker program originally was a competitive student loan reimbursement program for college and university graduates who take employment in science, technology, engineering, and mathematics (STEM) fields in Rhode Island. In 2022 the General Assembly expanded the eligible professions to include healthcare and mental health professionals. The program provides Wavemaker Fellows with refundable personal income tax credits that can be used to offset their annual student loan payments for up to 4 years. The amount of the tax credit depends upon the degree earned by

the taxpayer, i.e. \$1,000 for an associate’s degree up to \$6,000 for a graduate or post-graduate degree. To offset the general revenue loss resulting from the use of the credits, the General Assembly established a Stay Invested in RI Wavemaker Fellowship Fund and limited the issuance of credits to the amount in the fund. As credits are used, the equivalent amount is transferred out of the program fund to the general fund. Since its inception the General Assembly has appropriated \$11.6 million in general revenue to the fund and has served approximately 1,049 fellows.

Article 7 Changes: Article 7 of the Budget expands the Wavemaker program to include teachers. It does this by specifically amending certain provisions, including:

- **Healthcare Fund Provisions:** In 2022 the General Assembly extended the program to healthcare and mental health professionals. As part of this legislative change a separate Stay Invested in RI Wavemaker Fellowship Fund was established to fund healthcare and mental health fellows. This fund is distinct from the original fund for STEM professionals. With the expansion of the program to teachers, the Budget consolidates these funds instead of establishing a third fund. Article 7 makes the necessary statutory changes to effectuate the consolidation.
- **Teacher Provisions:** Article 7 extends the program to teachers by modifying the definition of the eligibility requirements, specifically by including teacher within the provision around what type of employment an applicant may have to be eligible. The article charges CommerceRI with developing a definition of teacher for purposes of the program through rules and regulation and in consultation with the Rhode Island Department of Elementary and Secondary Education.
- **Sunset Provisions:** The article also reauthorizes the Wavemaker program for another year by extending the sunset date from December 31, 2023, to December 31, 2024.

ARPA Initiatives (federal funds) \$55.3 million

The Budget includes a net \$55.3 million increase in ARPA State Fiscal Recovery Funds for various initiatives within the EOC’s Commerce Programs. The primary reason for the increase is the need to budget the entire planned expenditure amounts for the various projects in FY2024 as opposed to the original out-year budgeting schedule. This decision is based on a clarification made in 2022 by the U.S. Department of Treasury regarding what constitutes the obligation of SFRF funds. Prior to the new guidance OMB considered the act of appropriating funds sufficient to meet the obligation deadlines and requirements under ARPA. Treasury has since clarified that ARPA monies have to be allocated to the final recipients by FY2024. The net funding changes are summarized in the following table.

Initiative	FY2023	FY2023	Change	FY2024	Change
	Enacted	Final		Enacted	
Bioscience Investments	\$5.0	-	(\$5.0)	\$45.0	\$40.0
South Quay Marine Terminal	12.0	-	(12.0)	35.0	23.0
Blue Economy Investments	10.0	-	(10.0)	-	(10.0)
Small Business Assistance	-	13.3	13.3	0.3	0.3
Minority Business Accelerator	2.0	2.0	-	4.0	2.0
Total	\$29.0	\$15.3	(\$13.7)	\$84.3	\$55.3

\$ in millions

- **Bioscience Investments:** The Budget does not include funding in the FY2023 Supplemental Budget to support the bioscience industry in Rhode Island, but does in FY2024 in the amount of \$45.0 million. This is \$5.0 million less and \$40.0 million more, in FY2023 and FY2024, respectively. The FY2023 reduction results from restrictions placed upon the Governor’s original bioscience proposal by the General Assembly. Funding in FY2023 and beyond was originally contingent upon Northeastern University’s BioConnects New England partnership receiving \$15.0 million from the United States

Economic Development Agency. This did not occur and thus prevented expenditures as originally planned in FY2023.

For FY2024, the Budget includes a revised bioscience industry investment plan and budgets a total of \$45.0 million. The plan is centered around a new Rhode Island Life Science Hub, established by Article 7 of the Budget. Article 7 changes include:

- Establishing a new quasi-public corporate entity of the State for the purposes of coordinating state investment and strategy around the life sciences economic sector, to be known as the Rhode Island Life Sciences Hub (Hub).
 - The Hub will be governed by a 15-member Board of Directors
 - The Board, with the advice and consent of the Senate, has the authority to hire a Chief Executive Officer.
 - The Hub is authorized to be the central coordinating organization in the State for life science initiatives and to work in collaboration with relevant stakeholders and professionals. Notably, it is authorized to enter in venture agreements on behalf of the State.
- Establishing the Rhode Island Life Sciences Investment Fund within the Hub for the purpose of making investments, grants, loans, research and other funding in life science initiatives.
- **South Quay Marine Terminal:** The Budget does not include funding for the South Quay Marine Terminal project in FY2023, a reduction of \$12.0 million as compared to the enacted level. It does include \$35.0 million in FY2024, which is consistent with the original total planned SFRF expenditures for the project through FY2027.

- **South Quay Background:** South Quay is a 32-acre peninsula in East Providence located along the 16.8-mile Providence River waterway. The waterway is a deep-water channel with access through Narragansett Bay to the Atlantic shipping lanes and nearby off-shore wind-energy leased property. It was created by the US Army Corps of Engineers (USACE) in the 1940's and was always planned to be a maritime terminal, but development has never taken place. Rhode Island Waterfront Enterprises, LLC (RIWE) purchased the land in 2019 with the intent of developing for industrial uses.



- **Project Background:** The South Quay Marine Terminal program was authorized by the General Assembly in 2022 to support the development of an integrated and centralized hub of intermodal shipping designed to support the offshore wind industry along Memorial Parkway in the East Providence waterfront special development district. The project leadership team consists of the City of East Providence, RIWE, and ProvPort. According to the EOC, development of the marine terminal would take place in several phases, yielding a usable port after the initial phase.
 - **Initial Phase:** According to the EOC, the initial phase of the marine terminal consists of constructing a 525-foot berth and developing approximately 10 acres of land sufficient for storage and laydown space. The berth would handle one large vessel or two barges used for transporting wind energy equipment.

- **Subsequent Phase(s):** According to EOC, the scale subsequent phases of the terminal project is funding-dependent. The leadership team envisions increasing the terminal acreage in 10 acre increments up to 30 in total and adding an additional two berths for a total of three.
- **Funding:** The total cost of the project through Phase I is estimated to be \$130.1 million, with full development reaching approximately \$220.0 million. The FY2023 Budget as Enacted included \$12.0 million of SFRF funds in FY2023, and outlined \$35.0 million in total SFRF expenditures through FY2027. In addition to the SFRF, project partners originally indicated that they planned to secure an additional \$47.6 million, for a total of \$82.6 million. This is primarily supposed to come from a federal infrastructure grant from the US Department of Transportation (USDOT). In April 2023, CommerceRI submitted a Port Infrastructure Development Program Grant proposal to the USDOT for the \$47.6 million. The partners also sought out an additional \$47.6 million from various sources; including \$22.6 million in private funds, of which \$15.0 million would come from the operator of the Port of Providence, Waterson Terminal Services. The last tranche of \$25.0 million was requested by the Governor from SFRF in the FY2024 Budget. Assuming all of these funds were to materialize, the total would amount to the approximately \$130.1 million for the first phase.

Source	Amount
USDOT PIDP Grant	\$47,568,177
SFRF FY204 Original Amount	35,000,000
SFRF - Governor's Additional Request	25,000,000
Waterson Terminal Services	15,000,000
Additional Private Funds	7,568,177
Total	\$130,136,354

The General Assembly did not include the additional \$25.0 million in SFRF funding in the FY2024 Budget as Enacted. It also amended the authorization language regarding the \$35.0 million in appropriated SFRF funds so that they may only be used if sufficient matching funds from other sources are committed by February 1, 2024.

- **Blue Economy Investments:** The Budget does not include funding in FY2023 or FY2024 to support the blue economy in Rhode Island, representing a \$10.0 million decrease as compared to the enacted for each fiscal year. Originally, the program was to support blue economy industries consistent with the University of Rhode Island Research Foundation’s Blue Economy Technology Cluster grant application. Per Article I of the FY2023 Budget as Enacted, these funds could not be allocated and spent until a commitment of at least \$35.0 million in federal matching funds is secured from the Economic Development Administration (EDA) for Rhode Island. The grant did not materialize and therefore, the funding is withdrawn.
- **Small Business Financial and Technical Assistance:** This program was established in FY2022 with a \$32.0 million appropriation to provide financial and technical assistance to small businesses and COVID-impacted industries. It consists of the following components and original appropriations: (1) direct payments to businesses for lost revenue (\$12.5 million), (2) support for technical assistance for long-term business capacity building (\$10.5 million), (3) support for capital improvements for public health upgrades and outdoor programming (\$7.5 million), and (4) support for the administration of these programs (\$1.5 million). To be eligible to receive funds or support under this program a business must have less than \$1.0 million in annual gross revenues and demonstrate a negative impact from the COVID-19 pandemic as determined by the Rhode Island Commerce Corporation. Under this program, total support in the form of direct payments, technical assistance, or capital improvement grants shall not exceed \$10,000 per eligible business through any single program and shall not exceed \$20,000 in the aggregate. At least 20.0 percent of all funds must be reserved for awards to assist minority business enterprises as defined in RIGL 37-14.1. The following table shows the appropriations and spending under the program.

Initiative	FY2022			FY2023 Reappropriation	FY2024 Enacted	Total
	1st Revised (Enacted 1/4/22)	FY2022 Actuals	Balance/ Reappropriation*			
Direct Payments to Small Businesses	\$12,500,000	\$12,503,751	(\$3,751)			
Technical Assistance and Capacity Building	10,500,000	1,120,000	9,380,000			
Public Health Improvements/Outdoor Programming	7,500,000	3,770,000	3,730,000		327,999	
Administration	1,500,000	1,020,682	479,318			
Total	\$32,000,000	\$18,414,433	\$13,585,567	\$13,257,568	\$327,999	\$13,585,567

* In FY2023, the General Assembly authorized the automatic reappropriation of unspent SFRF funds to be carried over and spent according to the original purposes.

- **Direct Payments to Small Businesses:** CommerceRI has awarded 2,489 grants of either \$2,500 or \$5,000 to eligible small businesses, totaling \$12.5 million. Grants are targeted to business in food services, personal services, and arts/entertainment/recreation industries.
- **Technical Assistance and Capacity Building:** The EOC has implemented this initiative in two phases. Phase One assists business in applying for and navigating the application process for the Direct Payment to Small Business Initiative. Under Phase One 1,283 business have received or are receiving technical assistance (34.5 percent of recipients were women or minority-owned entities). According to EOC, Phase Two of the program is more complex and ambitious. It consists of providing TA to eligible small businesses through approved vendors in a range of services-marketing, legal, accounting, etc. Skills for RI’s Future is the planned vendor for this portion of the program.
- **Public Health Improvements/Outdoor Programming:** CommerceRI’s Take It Outside program has assisted 232 business to date with \$2.3 million in funds disbursed. The program supports the purchase of goods and services that expand small business’ outdoor operations and outdoor capacity. CommerceRI’s ventilation program has \$2.6 million allocated; however, no funds have been spent. According to EOC, program restrictions and requirements originally did not initially elicited demand from the business community; however, this has since improved.
- **Funding:** The Budget includes \$13.3 million in reappropriated SFRF funds in FY2023 and \$327,999 in FY2024 for the SFRF Small Business Assistance program. Funding was not provided in FY2023 Budget as Enacted.
- **Article 10 Changes:** Article 10 of the FY2024 Budget (the FY2023 Final Budget) amends the proviso language originally enacted by the General Assembly that directs the use, amounts, and implementation of the SFRF Small Business Assistance program. This amendment specifically does the following:
 - Increases the minimum revenue amount a business needs to be eligible for small business assistance from less than \$1.0 million to \$2.0 million. The EOC indicates that the original threshold was too low and created a barrier for many businesses from participating in the program.
 - Increases the maximum amount an eligible business may receive across all components of the program from \$20,000 to \$30,000.
 - Adds energy efficiency improvements to the list of eligible projects that businesses may spend program funds on. According to the EOC, there originally was low demand originally for the original public health improvements component of the program. Businesses indicated that rising energy costs associated with pandemic-related inflation was more a burden than a lack of healthy ventilation or customer environment. The EOC indicated that this resulted in the slow spending under this component.
- **Minority Business Accelerator:** The Budget includes \$4.0 million in FY2024, \$2.0 million more than the enacted level, to support EOC’s Minority Business Accelerator program. This would bring total ARPA support for this program to \$6.0 million, consistent with the original schedule of planned expenditures.

Minority Business Accelerator program supports and invests resources to enhance the growth of minority business enterprises as defined in RIGL 37-14.1. The initiative supports a range of assistance and programming, including financial and technical assistance, entrepreneurship training,

space for programming and co-working, and assistance accessing low-interest loans. Commerce is required to work with minority small business associations, including the Rhode Island Black Business Association (RIBBA), to advance this program. Of the amount allocated for FY2023, \$500,000 shall support the Rhode Island Black Business Association and \$300,000 shall support the Roger Williams University Business Start-Up Clinic (RWU).

ARPA SFRF/CPF - Broadband (federal funds) (\$5.8 million)

The Budget includes \$25.5 million of combined ARPA SFRF and Capital Projects Fund spending between FY2022 and FY2024 to expand the infrastructure and access to high-speed, broadband internet in Rhode Island. This investment reflects federal and state priorities around broadband as a utility and its critical role in education, employment, healthcare, information, and economic growth. Through federal programs authorized by ARPA, the Infrastructure and Jobs Act (IIJA), and the Digital Equity Act (DEA), Rhode Island will receive at least \$100.0 million in federal funds over time for these purposes. The following table summarizes the recent and near term proposed spending.

Purpose	Source	FY2022	Broadband Initiatives		Change from Enacted	FY2024 Enacted	Change from Enacted
			FY2023 Enacted	FY2023 Final			
Administration	SFRF	\$22,950	-	\$230,800	\$230,800	-	-
Planning	SFRF	160,000	-	-	-	-	-
Mapping	SFRF	86,250	-	-	-	-	-
Infrastructure	CPF	-	15,383,000	15,383,000	-	9,573,500	(5,809,500)
Total		\$269,200	\$15,383,000	\$15,613,800	\$230,800	\$9,573,500	(\$5,809,500)

Rhode Island Broadband Development Program: In 2023 the General Assembly established the Rhode Island Broadband Development Program (RIBDP) within the EOC to coordinate the planning, and implementation of expanded internet capacity in the State. A broadband director position was established within CommerceRI, as was an advisory council to support the work of the RIBDP. The program is required to create a statewide strategic plan; engage federal agencies to access funding; create grant and other programs; and coordinate stakeholder and governmental organizations.

The agency hired a broadband director in July 2022, and the Broadband Advisory Council began meeting in November, 2022. It has developed and published its Rhode Island Broadband and Digital Equity Strategic Plan. The plan has been submitted to the federal government for review and approval.

Federal Broadband Funding: ARPA, IIJA, and the DEA authorized several programs to advance broadband, including:

- **The Broadband Equity, Access, and Deployment (BEAD) Program:** The National Telecommunications and Information Administration (NTIA) is the lead federal agency that coordinates broadband expansion in the country, primarily through the IIJA-authorized BEAD Program which provides funding and assistance for mapping, planning, and infrastructure to states in phases based on milestones.

According to EOC, Rhode Island anticipates to receive \$100.0 million in BEAD funding that in turn will be granted by the RIBDP to eligible organizations including municipalities, public-private partnerships, commercial providers, and non-profits. The first \$5.0 million of BEAD funds, received in November 2022, has been used to advance broadband mapping, establish the grant program, and assist eligible organizations in preparedness and planning. According to CommerceRI, the program is currently working on its five-year action plan which is due to NTIA in August, 2023 and is required to secure the next \$20.0 million of BEAD funding.

- **The Capital Projects Fund (CPF):** ARPA established a federal capital projects fund that provides financing to carry out critical capital projects that enable work, education, and health monitoring, including remote options, in response to the pandemic.

Rhode Island has been allocated \$25.0 million in CPF funds. In September 2022, the State’s Pandemic Recovery Office (PRO) submitted a request to the United States Department of Treasury (UST) to use the allocation to meet matching requirements under the BEAD program. This request was approved and in July 2023, the U.S. Treasury approved \$112.0 million in additional CPF money. The funding will be used to support broadband infrastructure for multi-purpose community facilities, homes, and businesses still lacking high-speed access in the state. The funding will be administered by CommerceRI in partnership with the ConnectRI, a public-private organization that targets areas lacking service at speeds of 100/20 Mbps.

- **The Digital Equity Act (DEA) Programs:** The DEA established three programs to ensure that all people and communities have the skills, technology, and capacity needed to participate in and benefit from internet-enabled activity. The grant programs are organized around planning, capacity-building, and competitive application.

In December 2022, Rhode Island was awarded \$506,000 to plan for and support digital equity efforts, including workforce training, digital literacy, and device access. According to the EOC, the State is required to complete a digital equity plan, which is to be informed by the State’s Broadband and Digital Equity Strategic Plan and mapping efforts. The plan is due November 2023. The RIBDP intends to align the planning across all of the federal programs.

- **The Affordable Connectivity Program (ACP):** The Federal Communications Commission (FCC) administers a program that provides a \$30 per month subsidy to eligible households to help pay for broadband services.

In November 2022, the FCC announced a grant opportunity to help increase participation in the ACP program by eligible households. In January 2023, the RIBDP applied to the FCC for at least \$500,000 in collaboration with municipal and community partners and awaits approval.

ECONOMIC DEVELOPMENT INITIATIVES FUND

The Budget provides \$43.7 million from general revenues in FY2024 to support various incentives, business assistance, and development programs designed to create and expand economic development in Rhode Island. The Budget includes \$21.5 million in federal American Rescue Plan Act funds to support small businesses and the tourism and hospitality industry.

Economic Development Initiatives Fund	General Revenue
FY2023 Enacted	\$15,450,000
<i>Target and Other Adjustments</i>	
Rebuild RI	12,860,000
First Wave Closing Fund	10,000,000
I-195 Redevelopment Fund	2,000,000
Small Business Assistance	1,350,000
Innovation Initiative	1,000,000
Small Business Promotion	700,000
FY2024 Enacted	\$43,360,000

Economic Development Initiatives Fund	Other Fund Changes
State Small Business Credit Initiative (federal funds)	Informational
Aid to Tourism, Hospitality, and Events Industries (federal funds)	Informational

Rebuild RI

\$12.9 million

The Budget includes \$13.5 million in FY2023, consistent with the enacted level, and \$26.4 million in FY2024, or \$12.9 million more than the enacted level, for the Rebuild RI Tax Credit Program (Rebuild).

Rebuild uses both tax credit and sales tax exemption incentives to promote investment in real estate development for commercial and/or residential use across the State. Total credits and exemptions are limited to \$210.0 million and the per-project cap is set at \$15.0 million. Article 7 of the FY2024 Budget as Enacted increases the program cap from \$210.0 million to \$225.0 million and extends the Rebuild sunset from December 31, 2023, to December 31, 2024.

Status: Commerce has awarded \$157.8 million in Rebuild RI tax credits and \$45.3 million in sales tax exemptions across 54 projects, for a combined total of \$203.1 million, or 96.7 percent of the current \$210.0 million program cap.

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

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

Rebuild RI Fund: When Rebuild credits and exemptions are exercised by a developer, they negatively impact State revenue. To mitigate this impact, State law requires the state General Fund be reimbursed for the amount of the credits and exemptions from the Rebuild RI Fund. On an annual basis, Commerce works with the EOC, the Department of Administration, and the Division of Taxation to determine the availability of funds to award new tax credits. Each year, the Director of Revenue requests the amounts necessary to pay for the redemption of tax credits and sales tax rebates. This fund is capitalized by annual appropriations by the General Assembly. Since 2016, the Rebuild RI Fund has received \$152.1 million in appropriations. The following table provides the estimated obligations, annual drawdowns, and required appropriations by fiscal year.

Estimated Cash Flow Summary for Rebuild RI											
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Beginning Balance	\$39.0	\$59.6	\$89.8	\$73.2	\$67.2	\$52.8	\$45.9	\$43.4	\$49.3	\$56.3	\$44.3
Combined Draw Downs*	(16.9)	(22.3)	(30.1)	(32.4)	(29.4)	(21.9)	(17.5)	(14.1)	(13.0)	(22.0)	(22.0)
Estimated Appropriation^	37.5	52.5	13.5	26.4	15.0	15.0	15.0	20.0	20.0	10.0	10.0
Ending Balance	59.6	89.8	73.2	67.2	52.8	45.9	43.4	49.3	56.3	44.3	32.3

*Includes tax credits and sales tax exemptions. Amounts take into consideration all projects as of February 2023, excluding Fane Tower.

^ Appropriation levels for FY2021 through FY2030 have been chosen for demonstration purposes only. Consideration was given to keeping annual appropriations below \$25.0 million, while covering the draw downs, and leaving a reasonable ending balance (Senate Fiscal Staff estimates).

First Wave Closing Fund

\$10.0 million

The First Wave Closing Fund incentive was established in FY2016 as a “last-dollar, flexible-financing” program to enable economic development transactions move forward that would not otherwise get funded

and take place. It has received a net \$10.3 million in appropriation since then. It last received an appropriation in FY2018. In 2019, First Wave had a balance of \$12.7 million and had awarded \$2.6 million across seven projects. That year the General Assembly transferred \$5.0 million from First Wave to general revenue, reducing the balance to \$7.7 million.

Fiscal Year	Appropriation
2016	\$5.0
2017	8.5
2018	1.8
2019	-
2020	(5.0)
2021	-
2022	-
2023	-
2024	10.0
Total	\$20.3

\$ in millions

In its FY2024 Budget request, the EOC asked to have the \$5.0 million restored, arguing that it would enable Commerce to continue to strategically and nimbly catalyze projects beneficial to the State’s economy. The Governor increased this by another \$15.0 million, recommending a total of \$20.0 million. The General Assembly reduced this by half, appropriating \$10.0 million.

Program Background: First Wave is intended to support economic development by providing “gap financing” for certain types of projects. Gap financing is that portion of a project’s cost that remains to be financed after all other sources of capital have been considered or the amount that the State may invest in a project to gain a competitive advantage over another state.

When considering whether to award a project First Wave money, the Board is required to take into consideration several factors, including:

- The economic impact of the project
- The amount of the project financing gap
- The strategic importance of the project to the State, region, or locality
- The quality and number of jobs produced and the quality of the industry associated with the project
- The existence of any competitive offers regarding the project from another state or country
- The existence of any opportunity for the State to recoup or receive a return on all or portion of an award

In order to ensure that First Wave is available for more than one project, the Board is also required to consider several additional factors:

- The number and strength of applications received
- The level of appropriations
- The amounts of financing sought; and such other factors it deems relevant

According to the EOC, it is estimated that the current First Wave projects will generate 1,300 jobs and 500,000 square feet of development. The following table shows the recipients to date of First Wave Closing Fund financing.

Recipient	Project Location	Date of Award	First Wave Award
A.T. Cross Company	Providence	5/9/2016	\$200,000
General Electric Company	Providence	8/22/2016	650,000
Johnson & Johnson Services, Inc.	Providence	1/23/2017	250,000
eMoney Advisor Holdings, LLC	Providence	3/27/2017	97,500
LS One Ship, LLC	Providence	3/27/2017	700,000
Infosys Limited	Providence	12/18/2017	500,000
National Sailing Hall of Fame	Newport	3/26/2019	200,000
Virgin Pulse	Providence	9/30/2020	250,000
401 Tech Bridge	Portsmouth	12/8/2020	500,000
High Rock Westminster Street, LLC ("Superman Building")	Providence	5/11/2022	7,800,000
Total			\$11,147,500

Analyst Note: CommerceRI has awarded more First Wave funds than the program has been appropriated. Unlike the Rebuild RI Tax Credit program that has an overall program cap, First Wave’s only practical limit is its total appropriations. The Fund has received a net \$10.3 million in general revenue from the General Assembly since inception. As of December 2020, CommerceRI had awarded \$3.3 million in First Wave gap financing, leaving a balance of \$7.0 million. Under previous Executive Office of Commerce leadership, CommerceRI’s board awarded an additional \$7.8 million on May 11, 2022, overdrawing the First Wave Closing Fund by \$847,500. In March 2023, the EOC issued award cancellation letters to General Electric and Johnson & Johnson. It also issued a letter to A.T. Cross Company requiring the company to demonstrate compliance with incentive agreements or have their awards cancelled.

I-195 Redevelopment Fund \$2.0 million

The Budget includes \$2.0 million in FY2024 for the I-195 Redevelopment Fund program (Fund). The program has received \$28.0 million in total since inception and last received an appropriation in FY2019.

The Fund is intended to serve as a catalyst for real estate development on former highway land in Providence by:

- Providing gap financing on real estate projects within the I-195 Redevelopment Zone District.
- Acquiring adjacent or proximate land nearby District land, but not an abutting parcel, including areas around the Garrahy Courthouse Garage and the South Street Landing project, or further away from the District. The I-95 Redevelopment Commission oversees the 20 acres of developable space.
- Financing public infrastructure and facilities that will enhance the District.

The I-195 Redevelopment Commission has committed \$25.6 million (91.0 percent) from the fund, supporting development projects such as the Wexford Science and Technology and CV Properties partnership development of a life sciences and research and development complex, including the Aloft Hotel and Cambridge Innovation Center. According to the EOC, the Fund’s commitments have engendered over \$800.0 million in private investment in projects completed, planned, and under construction. The Commission is focused on attracting commercial lab spaces that are likely to need significant gap financing in Rhode Island. The additional funds proposed for FY2024 are estimated to support four new projects.

Small Business Assistance

\$1.4 million

The Budget includes \$2.0 million in FY2024, \$1.4 million more than the enacted level, for the State’s Small Business Assistance Program (SBA). The SBA program was established to help small businesses (under 200 employees) gain access to capital. Grants are capped at \$750,000. According to the Executive Office of Commerce, the program offers more operating flexibility than the long-standing Small Business Loan Fund, which is subject to federal regulations from the U.S. Economic Development Administration. The Commerce Corporation partners with private lending institutions to administer the applications and program. According to the EOC, 201 loans have been made resulting in 385 jobs and more than 50.0 percent have gone to minority- or woman-owned businesses.

The 2018 General Assembly increased the amount of Small Business Assistance program funds available for “micro loans” (\$2,000 to \$25,000) from 10.0 percent to 25.0 percent. These loans may be used to provide:

- Additional capital to businesses;
- Direct lending for subordinated and mezzanine debt (debt that is associated with acquisitions and buyouts where it may be used to prioritize new owners ahead of existing owners in case of bankruptcy, or be used to convert a debt into a stock option); or
- Collateral support and enhancement.

The following table shows the lenders, awards, and total loans originated to date:

Lender	SBA Award	Total Loans Originated
Traditional Lending		
BDC Capital	828,842	12,792,917
Business Development Co of RI	1,540,500	4,679,072
Community Investment Corporation (CIC)	654,100	3,292,305
South Eastern Economic Devel. Corp (SEED)	1,736,400	5,244,937
Subtotal	\$4,759,842	\$26,009,231
Micro Lending		
CIC Microloans	469,800	918,600
CWE Microloans	159,000	159,000
SEG Microloans	217,750	226,500
Rhode Island Black Business Association	91,500	91,500
Subtotal	\$938,050	\$1,395,600
Total	\$5,697,892	\$27,404,831

Innovation Initiative

\$1.0 million

The Budget includes \$1.0 million in FY2023, consistent with the enacted level, and \$2.0 million in FY2024 for the Innovation Initiative program. The program provides financial assistance to small businesses (under 500 employees) and manufacturers for research and development technical assistance. Awards can range from \$5,000 to \$50,000. Vouchers may be used to pay for research and technological development; product development; commercialization; market development; technology exploration; and improved business practices/strategies that grow business and create operational efficiencies.

The Budget expanding the Innovation Initiative Program incentive in FY2024 in two ways. First by doubling the appropriation from \$1.0 million to \$2.0 million, the EOC argues they can better meet the demand for the incentive. For example, EOC cites that the waiting list for vouchers is presently over 20. Article 7 of the FY2024 Budget as Enacted also increases the maximum voucher amount from \$50,000 up to \$75,000. A total of 308 companies have received approval from the Commerce Corporation for Innovation Vouchers totaling \$10.8 million.

Small Business Promotion

\$700,000

The Budget recommends \$1.0 million for CommerceRI’s program that promotes Rhode Island-based suppliers and facilitates their connection to companies in the State that have significant procurement needs. This is \$700,000 more than the enacted level.

Known as SupplyRI, the program was established in 2018 after the EOC analyzed the operating expenditures of large employers in Rhode Island and discovered that a disproportionate number of operating budgets are spent on out-of-State suppliers. Supply RI is intended to facilitate interaction and contracting between large “Anchor” purchasing businesses and organizations and the several tier levels of Rhode Island suppliers. It does this through conducting trainings and events connecting anchors and suppliers and through a clearinghouse website. According to the EOC, the program has connected 2,200 suppliers with 16 anchors. The current budget of \$300,000 supports 5 events and 12 supplier workshops annually.

The additional funding is to be used to advance SupplyRI forward to serve a larger number of businesses. Specifically:

- **Develop a SupplyRI Strategic Plan:** Support a five-year program assessment to evaluate engagement, gaps, and opportunities. The assessment would be used to inform a strategic plan for SupplyRI.
- **Expand Tier 2 Supplier Engagement:** Tier 1 suppliers provide final product directly to anchor businesses. Tier 2 provide inputs to the Tier 1 supplier. CommerceRI plans to employ a “multi-session” Tier 2 “fellowship” process to train and engage these suppliers.
- **Anchor Events:** Funds would support an additional 4 large events bringing suppliers and anchors together.
- **Global RI Pilot:** Support two targeted trade missions with companies specifically focused on offshore wind and wind energy.
- **Personnel and Operations:** Support 1.0 new FTE position within CommerceRI for core SupplyRI program elements and improvements to the program website.

State Small Business Credit Initiative (federal funds)

Informational

The Budget includes \$20.0 million in non-SFRF, direct federal ARPA funds in both FY2023 and FY2024 for the Small Business Credit Initiative (SBCI). Funded through the U.S. Small Business Administration, the SBCI makes funds available to expand or create new state small business investment programs that provide access to capital, collateral support, loan participation, loan guarantees, and venture capital.

Aid to Tourism, Hospitality, and Events Industries (federal funds)

Informational

The Aid to Tourism, Hospitality, and Events Industries program is an ARPA SFRF funded-initiative that consists of the following components: (1) Direct cash payments to businesses demonstrating lost revenue; (2) Support for outdoor and public space capital improvements and event programming; Tourism marketing support done in coordination with state tourism regions and the Rhode Island Airport Corporation (RIAC); and (4) Destination tourism marketing in support of airline routes to Rhode Island T.F. Green International Airport (with CommerceRI required to supply equivalent matching funds out of its portion of the state hotel tax).

Initiative	Planned Expenditures						Total	Activity to Date	
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027		Appropriated	Spent
Direct Payments to Businesses	\$8.0	-	-	-	-	-	\$8.0	\$8.0	\$8.0
Outdoor Capital Improvements/Event Programming	3.0	-	-	-	-	-	3.0	3.0	0.5
Tourism Marketing	2.0	-	-	-	-	-	2.0	2.0	1.1
Destination Marketing	-	1.5	1.5	-	-	-	3.0	1.5	-
Total	\$13.0	\$1.5	\$1.5	-	-	-	\$16.0	\$14.5	\$9.6

\$ in millions. Spending data is through November 30, 2022 per the PRO.

- **Direct Payments to Business:** According to EOC the Hospitality, Tourism, and Events direct grant program (HTE) has awarded 163 grants (44.6 percent have been women or minority-owned entities) and has disbursed \$7.5 million. Remaining funds will focus on hotels, travel agents, tour operators, and arts/cultural business.
- **Outdoor Capital Improvements/Event Programming:** This initiative, also known as CommerceRI’s Placemaking program, has awarded 32 grants through the first week of January 2023, with \$599,605 in funding disbursed. Most of these are related to the event programming component. According to EOC, the capital improvement projects are larger in scale and will take longer to complete and be reflected in the spending.
- **Tourism Marketing:** This initiative has disbursed \$2.0 million to six of the state’s regional tourism districts and to the RIAC. The funding has been used for air service marketing programs, advertising campaigns targeting regional drive and fly markets via streaming and cable television, and to provide direct grants to tourism districts that have been used for paid advertising, meetings and conventions advertising, and sports advertising.
- **Destination Marketing:** The ability of the RIAC to market Rhode Island as a destination in out-of-state airports is limited by federal regulations. The Budget includes \$1.5 million in federal SFRF funds in FY2023 and FY2024 for this purpose. Article 1 contains proviso language directing the use of these funds in this manner as well as requiring the CommerceRI to supply an equivalent amount out of its portion of the state hotel tax for the same purposes, for a total of \$6.0 million over the two fiscal years.

OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT

The Office of Housing and Community Development (OHCD) provides opportunities for healthy and affordable housing through production, lead hazard mitigation, and the coordination of the homeless system and implementation of the State’s plan to end homelessness. The federal Community Development Block Grant (CDBG) provides funding to 33 municipalities to address housing and community development. In 2022, the General Assembly authorized the establishment of a new state agency responsible for housing-related programs starting January 1, 2023. As of that date, the OHCD became a Division within the new Department of Housing.

Housing and Community Development	General Revenue
FY2023 Enacted	\$1,522,293
<i>Target and Other Adjustments</i>	
	-
Office of Housing and Community Development	(1,522,293)
FY2024 Governor	-

Housing and Community Development	Other Fund Changes
ARPA SFRF Initiatives (federal funds)	(97,000,000)
Federal Grants (federal funds)	(16,124,699)
Housing Resources	(7,664,150)

Office of Housing and Community Development (\$1.5 million)

In 2022, the General Assembly authorized the establishment of a new state agency responsible for housing-related programs starting January 1, 2023. As of that date, the OHCD became a Division within the new Department of Housing (Housing) and therefore its FY2024 expenditures are not budgeted in the EOC. This results in a \$1.5 million reduction in expenditures when comparing to the enacted level.

The Budget does include \$1.2 million in the FY2023 Supplemental Budget to fund the OHCD’s personnel and operating costs as it transitions from the EOC to Housing. This is \$274,557 less than the enacted level

and consists of \$343,502 in turnover savings (equal to 5.2 FTE positions) and \$68,865 in adjusted centralized services charges.

Category	FY2023 Enacted	FY2023 Final	Change from Enacted	FY2024 Enacted	Change from Enacted
Personnel	\$1,265,176	\$921,754	(\$343,422)	-	(\$1,265,176)
Operating	257,117	325,982	68,865	-	(257,117)
Total	\$1,522,293	\$1,247,736	(\$274,557)	-	(\$1,522,293)

ARPA SFRF Initiatives (federal funds)

(\$97.0 million)

The transfer of the OHCD to the new Department of Housing (Housing) on January 1, 2023 results in a \$97.1 million reduction in ARPA SFRF expenditures within the EOC when comparing to the enacted level. The reductions are summarized in the following table.

Initiative	FY2023 Enacted	FY2023 Final	Change from Enacted	FY2024 Enacted	Change from Enacted
Development of Affordable Housing	\$30.0	\$30.3	\$0.3	-	(\$30.0)
Community Revitalization	15.0	15.0	-	-	(15.0)
Homelessness Infrastructure	15.0	15.0	-	-	(15.0)
Workforce Housing	12.0	12.0	-	-	(12.0)
Down Payment Assistance	10.0	10.0	-	-	(10.0)
Housing Stability	7.0	8.5	1.5	-	(7.0)
Site Acquisition	3.0	9.0	6.0	-	(3.0)
Affordable Housing Predevelopment Program	2.5	2.5	-	-	(2.5)
Statewide Housing Plan	2.0	2.0	-	-	(2.0)
Predevelopment and Capacity Building	0.5	0.9	0.4	-	(0.5)
Total	\$97.0	\$105.2	\$8.2	-	(\$97.0)

\$ in millions

Federal Grants (federal funds)

(\$16.1 million)

The transfer of the OHCD to the new Department of Housing (Housing) on January 1, 2023 results in a \$16.1 million reduction in federal fund expenditures within the EOC when comparing to the enacted level. The reductions are summarized in the following table.

Initiative	FY2023 Enacted	FY2023 Final	Change from Enacted	FY2024 Enacted	Change from Enacted
CDBG Program	\$9.3	\$16.5	\$7.2	-	(\$9.3)
Housing Opportunities for Persons with Aids	0.8	1.4	0.6	-	(0.8)
Neighborhood Stabilization Program	0.5	0.1	(0.3)	-	(0.5)
Shelter Funding	5.6	7.6	1.9	-	(5.6)
Recovery Housing Program	-	1.0	1.0	-	-
Total	\$16.1	\$26.6	\$10.5	-	(\$16.1)

\$ in millions

Housing Resources (restricted receipts)

(\$7.7 million)

The transfer of the OHCD to the new Department of Housing (Housing) on January 1, 2023 results in a \$7.7 million reduction in restricted receipts expenditures within the EOC when comparing to the enacted level. This includes a reduction in the EOC's FY2024 Budget by \$4.7 million in assistance, grants, and operating funds related to the Housing Resources Commission, and \$3.0 million reduction in assistance and grants from the Housing Production Fund. The FY2023 Final appropriation for the Housing Production Fund is \$10.5 million, or \$7.5 million more than the enacted level, reflecting updated additional awards made in FY2023 according to the EOC's Third Quarter Report.

Initiative	FY2023 Enacted	FY2023 Final	Change from Enacted	FY2024 Enacted	Change from Enacted
Housing Resources Commission	\$4.7	\$4.7	-	-	(\$4.7)
Housing Production Fund	3.0	10.5	7.5	-	(3.0)
Total	\$7.7	\$15.2	7.5	-	(\$7.7)

\$ in millions

QUASI-PUBLIC APPROPRIATIONS

The Budget provides \$13.6 million from general revenues to support the Rhode Island Commerce Corporation and several pass-through appropriations to fund specific economic programs. There are no FTE positions allocated to this program.

Quasi-Public Appropriations	General Revenue
FY2023 Enacted	\$19,435,014
<i>Target and Other Adjustments</i>	-
OSCAR	(4,000,000)
Municipal Infrastructure Grant Match	(2,500,000)
CommerceRI Base Appropriation	342,710
I-195 Commission	284,050
FY2024 Enacted	\$13,561,774

Quasi-Public Appropriations	Other Fund Changes
ARPA SFRF Port of Davisville (federal funds)	53,000,000

OSCAR (\$4.0 million)

The FY2023 Budget as Enacted includes \$4.0 million in one-time general revenue to capitalize the Ocean State Climate Adaptation and Resilience (OSCAR) Fund. The fund was established as a resource for projects that restore and improve the climate resilience of vulnerable coastal habitats, river and stream floodplains, and to improve community resilience and public safety. This non-recurring expenditure is reflected by the \$4.0 million reduction in FY2024 quasi-public appropriations to Commerce RI.

Municipal Infrastructure Grant Match (\$2.5 million)

The State’s Municipal Infrastructure Grant program (MIG) provides public infrastructure grants to municipalities for design, construction, building, land acquisition, rehabilitation, repair, and other improvements to publicly owned infrastructure including sewers, utility extensions, streets, roads, curb-cuts, parking, water treatment systems, telecommunications systems, transit improvements, and pedestrian ways. The program also assists municipalities with economic development projects, housing development and rehabilitation, and other community development projects. In 2021 the General Assembly shifted the program from the Division of Statewide Planning, within the Department of Administration, to the Rhode Island Infrastructure Bank, a quasi-public corporation that provides low-interest loans to municipalities for infrastructure projects.

The FY2023 Budget as enacted provided \$2.5 million in general revenue for the program; however, the Budget includes an additional \$5.5 million in the current year (a total of \$8.0 million) to create a “Municipal Matching Grant Pool” to assist cities and towns wanting to take advantage of federal Infrastructure Investment and Jobs Act (IIJA) competitive grant funds but lack the required matching funds. The IIJA supports a complex array of infrastructure improvements ranging from roads to climate resiliency projects and applications for the grants need to take place during FY2023.

The Budget does not provide funding the MIG program in FY2024, therefore the FY2024 reflects a decrease of \$2.5 million from the enacted level.

Commerce RI Base Appropriation**\$342,710**

Commerce RI is a quasi-public entity charged with implementing the delivery, performance, and accountability of the State's economic development activities.

The State provides general revenue appropriations to the Corporation. However, the General Assembly does not directly approve Commerce RI's budget. The Commerce RI Board has the sole responsibility to authorize the Corporation's annual budget.

The Budget includes \$8.3 million from general revenues to Commerce RI as its base allocation. This is \$342,710 more than the enacted level. Commerce RI's total budget in FY2023 is \$22.3 million. The base allocation represents 46.2 percent of the quasi-public agency's annual revenue. The balance is comprised of hotel tax revenue (13.2 percent), federal grants (2.2 percent), financial programs (2.6 percent), and other miscellaneous revenue (17.7 percent).

According to the Executive Office, the increase in the base allocation is attributable to increases in costs associated with personnel, healthcare, energy and technology. These increases are summarized below.

Expenditure Category	FY2024
Personnel	\$290,255
Healthcare	39,975
Energy	11,280
Technology	1,200
Total	\$342,710

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

Revenues	Commerce RI Budget				Change
	FY2021 Actual	FY2022 Actual	FY2023 Projected *	FY2024 Projected *	
State Appropriations					
RI Commerce Corporation Base Appropriation	\$7,431,022	\$7,659,565	\$7,947,778	\$9,026,713	\$1,078,935
Total State Appropriations	\$7,431,022	\$7,659,565	\$7,947,778	\$9,026,713	\$1,078,935
Other Revenues					
Hotel Tax Revenue	\$3,031,364	\$6,179,118	\$5,600,000	\$5,600,000	-
Finance Program Allocation	333,026	474,358	474,358	474,358	-
Federal Grants	313,474	329,000	396,300	396,300	-
Other	2,642,623	3,101,035	3,172,621	3,184,595	11,974
Total Other Revenues	\$6,320,487	\$10,083,511	\$9,643,279	\$9,655,253	11,974
Total Revenues	\$13,751,509	\$17,743,076	\$17,591,057	\$18,681,966	1,090,909
Expenditures					
Total Operations (Personnel and Operating)	\$18,425,728	\$14,701,888	\$16,765,444	\$17,844,379	\$2,063,556
Grants or Partnerships	4,419,095	4,460,104	4,460,104	4,460,104	-
Total Expenditures	\$22,844,823	\$19,161,992	\$21,225,548	\$22,304,483	\$2,063,556
Operating Surplus/(Deficit)	(\$9,093,314)	(\$1,418,916)	(\$3,634,491)	(\$3,622,517)	(972,647)
Pass-Through and Federal Grants					
STAC Research Alliance (EPScore)	\$900,000	\$900,000	\$900,000	\$900,000	-
Innovative Matching Grants	1,000,000	1,000,000	1,000,000	1,000,000	-
Renewable Energy Fund	2,300,000	2,628,789			(2,628,789)
Airport Impact Aid	1,010,036	1,000,102			(1,000,102)
Chafee Center at Bryant/International Trade Export Prog.	476,200	476,200	476,200	476,200	-
Polaris Manufacturing Technical Assistance	350,000	350,000	450,000	350,000	100,000
East Providence Waterfront Commission	50,000	50,000	50,000	50,000	-
Urban Ventures/Minority Entrepreneurship Prog.	140,000	140,000	140,000	140,000	-
Municipal Infrastructure Bank Match	-	1,000,000	2,500,000		
OSCAR Program - RIIB	-		4,000,000		4,000,000
Pass-Through - Subtotal	6,226,236	7,545,091	9,516,200	2,916,200	471,109
Federal Grants	313,474	329,000	396,300	396,300	
Federal Grants - Subtotal	313,474	329,000	396,300	396,300	67,300
Total	6,539,710	7,874,091	9,912,500	3,312,500	\$2,038,409

Source: Executive Office of Commerce

* Pending Board Approval

I-195 Commission**\$284,050**

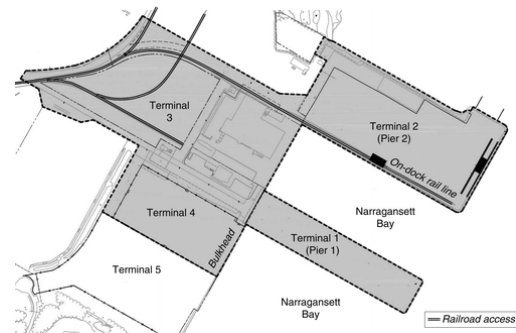
In 2011, the General Assembly created a commission for the purposes of marketing, selling, and overseeing the lands made available by the relocation of Interstate Highway 195 through Providence. This authority extends to the maintenance of any parkland within the district. State law also authorizes the commission to assess fees on organizations within the district for services it provides, including park development and maintenance. The commission currently assesses existing occupants of the district a per square foot fee that generates an estimated \$130,000 annually for park maintenance (as additional property is developed this revenue would increase). The commission also receives a fee for naming rights for the park or any portion thereof from Twin River Casino worth \$150,000 in FY2023 and \$100,000 annually in FY2024 and beyond. These funds also provide resources for park maintenance and development.

The Budget includes an additional \$284,050 in general revenue funds to enhance the commission's development processes. According to the EOC, this appropriation would be used to execute a formal and strategic business development and marketing strategy to attract developers and tenants to the district in addition to expanding its community engagement process. This amount also includes a 5.0 percent increase in general operational costs and personnel costs associated with an additional project manager to assist in managing the new processes.

Port of Davisville (federal funds)**\$53.0 million**

The Budget includes \$59.0 million in federal ARPA SFRF funds in FY2024 to support the advancement of the Quonset Development Corporation's (QDC) infrastructure master plan. The FY2024 appropriation is \$53.0 million more than the enacted level. The large increase reflects the need to appropriate all planned expenditures in FY2024 based on a clarification made in 2022 by the U.S. Department of Treasury regarding what constitutes the obligation of SFRF funds. Prior to the new guidance OMB considered the act of appropriating funds sufficient to meet the obligation requirements under ARPA. Treasury has since clarified that ARPA monies have to be allocated to the final recipients by FY2024.

The Port of Davisville is a publicly-owned international shipping port located within the Quonset Business Park (QBP) in North Kingstown. The facilities currently include 4,500 linear feet of berthing space, consisting of five terminals, two piers (each 1,200 feet in length), a bulkhead, 32 feet of controlled water depth, on-dock rail, and 60 acres of laydown and terminal storage.



According to the EOC, \$6.0 million has been obligated and disbursed to the QDC. The program is providing direct support to build four additional berths and 40 additional acres of laydown space at the Port of Davisville, leading to an additional 12 ships arriving each quarter and 30,000 short tons of cargo processed.

CAPITAL PROJECTS

The Budget includes \$316.0 million in capital project spending for FY2023-FY2028, with \$114.6 million in FY2023 and \$147.0 million in FY2024.

EOC Capital Projects	FY2023				FY2024				FY2025 - FY2028			
	RICAP	Bonds	ARPA	Agency Funds	RICAP	Bonds	ARPA	Agency Funds	RICAP	Bonds	ARPA	Agency Funds
Broadband Infrastructure	-	-	15,383,000	-	-	-	9,573,500	-	-	-	-	-
I-195 Commission	1,040,048	-	-	-	805,000	-	-	-	2,800,000	-	-	-
I-195 Park Improvements	-	3,945,532	-	-	-	-	-	-	-	-	-	-
Industrial Site Development	-	4,021,098	-	-	-	8,000,000	-	-	-	26,900,000	-	-
Innovations Centers	-	8,642,364	-	-	-	7,005,000	-	-	-	2,645,000	-	-
Port of Davisville	-	7,000,000	6,000,000	-	-	54,000,000	-	-	-	-	-	-
Port Modernization	-	4,800,000	-	-	-	5,200,000	-	-	-	6,000,000	-	-
South Quay Marine Terminal	-	12,000,000	-	-	-	48,000,000	-	-	-	-	-	-
ProvPort	-	9,971,220	-	-	-	-	-	-	-	-	-	-
Quonset Point / Davisville Pier	20,274	217,067	-	1,577,985	-	-	-	-	-	-	-	-
Total	\$1,060,322	\$50,597,281	\$21,383,000	\$1,577,985	\$805,000	\$122,205,000	\$9,573,500	-	2,800,000	\$35,545,000	-	-

- Broadband Infrastructure:** The Budget includes \$15.4 million in federal American Rescue Plan Act (ARPA) Capital Projects funds for Broadband Infrastructure in FY2023 and \$9.6 million in FY2024 to finance broadband projects that will provide high-speed, reliable internet to across the entire state. Funds will be awarded to municipalities, public housing authorities, business cooperatives and local internet service providers for projects targeted at those unserved and underserved by the current infrastructure as defined by national telecommunications and information administration standards.
- I-195 Commission:** The Budget includes \$805,000 from the RI Capital Plan Fund in FY2024 and \$1.0 million in FY2023 for the continued development of the land made available by the relocation of I-195. Funding will continue to support engineering, design review, legal work for ongoing and prospective deals, and the design and construction of additional park infrastructure enhancements.
- I-195 Park Improvements:** The Budget includes \$4.0 million in bond proceeds to help finance the construction of park infrastructure enhancements adjacent to the Providence River Pedestrian Bridge in the I-195 District in FY2023. In March 2021, voters approved a \$4.0 million bond referendum for this purpose. Funding is being used to construct park infrastructure enhancements, including a pavilion for food and beverage service, enhanced infrastructure, office space, and a small storage facility.
- Industrial Site Development:** The Budget includes \$8.0 million in bond proceed funding in FY2024 for industrial site development. In March 2021, voters approved a \$40.0 million bond referendum for this purpose. According to the EOC, the funds are being allocated competitively for the purpose of preparing sites for the development of facilities related to manufacturing, assembly, distribution, and other job-producing commercial activities.
- Innovation Centers:** The Budget includes \$8.6 million in FY2023 and \$7.0 million in FY2024 from bond proceeds to support additional business collaborations with higher education institutions, where cutting-edge research will be developed into new products, services, and businesses. Project funding was authorized by voters in 2016. Projects include the RI Innovation Hub and Accelerator, the University of Rhode Island & Arizona State University Innovation Hub, and the RI Agricultural Technology Park.
- Port of Davisville:** The Budget includes \$60.0 million of federal ARPA SFRF funds through FY2024 to advance the Quonset Development Corporation’s infrastructure master plan. The recommendation also includes \$7.0 million of bond proceeds in FY2023 for the same purpose.
- Port Modernization:** The Budget includes \$5.2 million in FY2024 to begin financing the modernization, expansion, and improvements to the Port of Davisville in North Kingstown. In March 2021, voters approved a \$20.0 million bond referendum for these purposes. The project will expand the Quonset Point Business Park waterfront with channel dredging and construction of a new pier for ocean transport barges.
- South Quay Marine Terminal:** The Budget includes \$60.0 million in ARPA SFRF funds to develop a marine terminal industry on the East Providence waterfront that would support the offshore wind industry.
- ProvPort:** The Budget includes \$10.0 million in FY2023 from the 2016 General Obligation bond authorization to increase terminal capacity at the Port of Providence, specifically by financing the

acquisition of up to 25 acres of land located between Allens Avenue in the City of Providence and the Providence River. Once acquired and improved, the State of Rhode Island anticipates leasing the land to ProvPort, the City of Providence's current port operator. ProvPort, in turn, will enter into subleases with one or more private terminal operators. Those entities will make private investments in their terminal operations as well as pay fees to ProvPort for the land they lease. The State will share in the gross revenues, including sublease payments, generated from the expanded port area. The State will also realize additional income taxes from expanded employment.

- **Quonset Point/Davisville Pier:** The Budget includes \$20,274 in Rhode Island Capital Plan funds and \$217,067 in bond proceeds and \$1.6 million in Quonset Development Corporation Agency Funds in FY2023 for capital improvements to the piers at Quonset. The Port has two piers (Pier One and Pier Two) that are long past their expected useful lifespan. As part of the Quonset Development Corporation's \$205.0 million Port of Davisville master plan, Pier 2 will be rehabilitated by building an east extension and installing a sheet pile bulkhead.

Department of Housing

Expenditures By Program	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual*	Enacted*	Final	Enacted*		Enacted	Enacted	
Department of Housing - Central Management	-	-	-	-	-	\$251.7	\$251.7	-
Executive Office of Commerce - Office of Housing and Community Development	\$51.1	\$122.3	\$148.7	26.4	21.6%	-	(122.3)	105.8%
Total	\$51.1	\$122.3	\$148.7	\$26.4	21.6%	\$251.7	\$129.3	105.8%

Expenditures By Source								
General Revenue	\$12.2	\$1.5	\$4.4	\$2.9	188.3%	\$33.0	\$31.5	2067.6%
Federal Funds	\$33.8	\$113.1	\$129.1	\$16.0	14.1%	\$211.0	\$97.9	86.5%
Restricted Receipts	\$5.1	\$7.7	\$15.2	\$7.6	98.5%	\$7.7	-	-
Total	\$51.1	\$122.3	\$148.7	\$26.4	21.6%	\$251.7	\$129.3	105.8%

Authorized FTE Levels	11.0	17.0	17.0	-	-	38.0	21.0	123.5%
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\$ in millions. Totals may vary due to rounding.

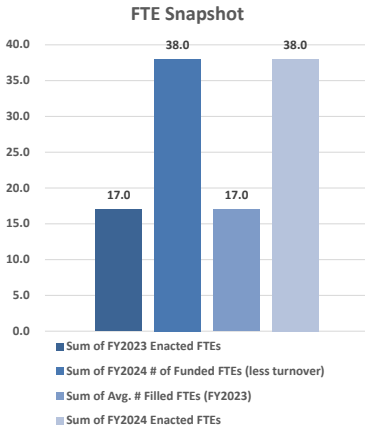
*FY2022 Actual and FY2023 Enacted levels reflect the amounts budgeted for the Office of Housing and Community Development within the Executive Office of Commerce (EOC) and are provided to show relative housing expenditures across fiscal years. The EOC fiscally and administratively supported the Department prior to January 1, 2023.

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

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

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

These various pieces of enabling legislation however, were only cursory in nature. Article 6 of the FY2024 Budget as Enacted elaborates more extensively on the authority of the Secretary of Housing and the Department, providing the agency with powers and duties that are mostly consistent with other cabinet-level directors and departments. These include more detailed regulatory, administrative, operational, and programmatic authority.

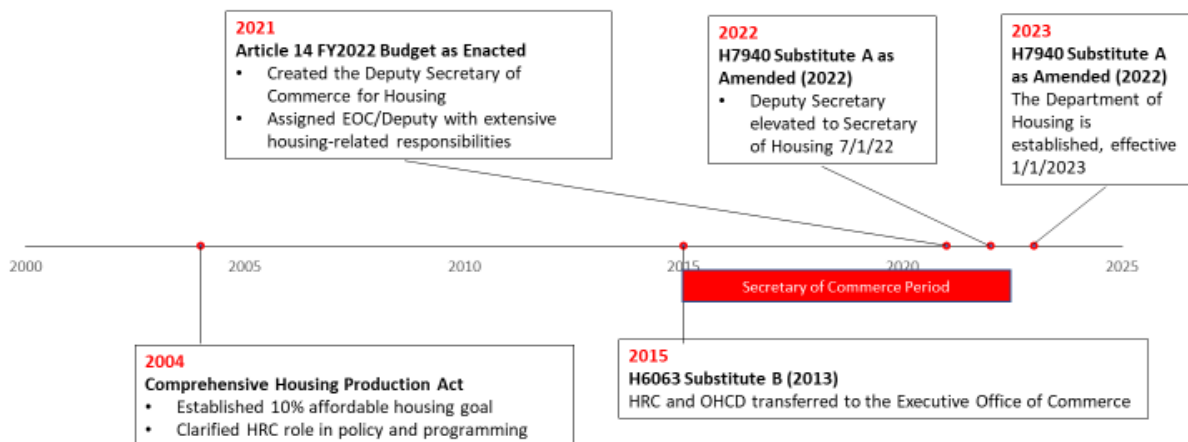


MAJOR ISSUES AND TRENDS

The Department of Housing (Housing) was operationalized on January 1, 2023, with 17.0 FTEs and the formal transfer of the Office of Housing and Community Development (OHCD) from the Executive Office of Commerce. The FY2024 Budget as Enacted for the new Department totals \$251.7 million from all sources, \$129.38 million more than the FY2023 enacted level for Housing’s predecessor, the Executive Office of Commerce (EOC).

Housing Governance

Housing policy, planning, and program implementation is currently governed under a complex structure. The Housing Resources Act (HRA) of 1998 established a 28-member Housing Resources Commission (HRC) to be the primary body for policy development and rule-making. It does however oversee the awarding of certain federal funding. It is administratively supported by the OHCD and together they administer programs related to remediation, lead abatement, tax credits, financing assistance for developers, homelessness, rental assistance, technical assistance, and community development. The HRA also created a coordinating committee that links the HRC, OHCD, and RIHousing. Beginning in 2015 and continuing until the creation of the Department of Housing in January 2023, the Executive Office of Commerce was the primary state agency responsible for housing policy and implementation. The current Secretary of Housing held the role of Secretary of Commerce for the bulk of that time. The timeline below shows the evolution of this governance structure over the last 20 years.



Reorganization

When the General Assembly established the Secretary of Housing position, among the responsibilities it was assigned was to produce a State Housing Organizational Plan due November 1, 2022. The plan is to review, analyze, and assess housing-related functions across all state departments, quasi-public agencies, boards and commissions. It is to be informed by input from each department, agency, board and commission and must include comprehensive options, including the advantages and disadvantages of each. The Secretary is to make recommendations relating to the organization of the Department and the reorganization of housing governance and structure, including interagency relationships.

The plan was submitted on November 18 and was incomplete. It did, however, recommend that the Secretary be named ex officio chair of RIHousing's Board and that the Department assume authority over all federal housing and homelessness related funding. These recommendations were not included in the Governor's proposed budget.

Analyst Note: According to the current Secretary of Housing, the Department has no intention of undertaking a new planning or reorganization process. During testimony before the Senate Finance Committee in May 2023, the Secretary indicated that a Rhode Island Foundation effort culminating in an April 2023 report titled [Housing Supply and Homelessness in Rhode Island - Observations and Options](#), would serve as the foundational document for housing reorganization. The options presented in the report presumably informed the programming, policy, and powers subsequently included in Articles 1 and 6 of the FY2024 Budget as Enacted. For more information on the powers and authority of the new Department, see the Article 6 section of this Budget Analysis.

Separate from any options discussed in the RI Foundation report, the Office of Management and Budget has established one Central Management program with five subprograms within the Department of Housing for organizing budget initiatives. The following table summarizes them and their FY2024 all funds appropriations.

Subprogram	FY2024	Initiatives
Secretary	\$43,162,045	OHCD, Housing Production Fund, Housing Resources Commission
Administration	15,493,898	USHUD Non-ARPA Federal Grant Programs
Housing Development	142,500,000	SFRF: Affordable Housing, Predevelopment, Homelessness Infrastructure, Site Acquisition
Housing Stabilization	41,000,000	SFRF: Down Payment, Homelessness Stability, Workforce Housing
Community Planning and Funding	9,500,000	SFRF: Community Revitalization
Total	\$251,655,943	

The current Secretary indicated in public remarks in March 2023, that he is interested in creating five sections within the Department to deal with “housing support for individuals and families, housing development, community development, engagement and sustainability, policy and planning, and operations support.”

Staffing

The Budget authorizes 38.0 FTE positions, 21.0 more than the enacted level for EOC’s housing staff. In FY2022 the General Assembly added the Deputy Secretary of Commerce for Housing and in FY2023, 4.0 additional FTE positions were added. The 21.0 new positions in FY2024 include 9.0 analysis-related positions, 5.0 program positions, 4.0 legal and compliance positions, 2.0 public affairs positions, and 1.0 chief of staff.

ARPA SFRF Housing Initiatives

There are several reasons for the significant increase in all funds expenditures in FY2024. The first is the need to budget the entire planned expenditure amounts of the federal American Rescue Plan (ARPA) State Fiscal Recovery Fund (SFRF) supported projects in FY2024 as opposed to the original out-year budgeting schedule first proposed in 2022. This decision is based on a subsequent clarification made by the U.S. Department of Treasury regarding what constitutes the obligation of SFRF funds. Prior to the new guidance OMB considered the act of appropriating funds sufficient to meet the obligation deadlines and requirements under ARPA. Treasury has since clarified that ARPA monies have to be allocated to the final recipients by FY2024. The funding changes are summarized in the following table. In addition to the previously authorized programs, the FY2024 Budget as Enacted includes \$42.0 million for six new ARPA SFRF-funded housing and homelessness programs.

ARPA SFRF Initiative	FY2023	FY2023	Change*	FY2024	Change*
	Enacted*	Final		Enacted	
Development of Affordable Housing	\$30.0	\$30.3	\$0.3	\$55.0	\$25.0
Targeted Housing Development^	-	-	-	31.0	31.0
Homelessness Infrastructure	15.0	15.0	-	30.0	15.0
Down Payment Assistance	10.0	10.0	-	20.0	10.0
Homelessness Assistance	7.0	8.5	1.5	13.0	13.0
Site Acquisition	3.0	9.0	6.0	10.0	7.0
Community Revitalization	15.0	15.0	-	9.5	(5.5)
Workforce Housing	12.0	12.0	-	8.0	(4.0)
Affordable Housing Predevelopment	2.5	2.5	-	7.5	5.0
Housing-Related Infrastructure^	-	-	-	4.3	4.3
Municipal Homelessness Support Initiative^	-	-	-	2.5	2.5
Municipal Planning^	-	-	-	2.3	2.3
Proactive Housing Development^	-	-	-	1.4	1.4
Preservation of Affordable Units^	-	-	-	0.5	0.5
Predevelopment and Capacity Building	0.5	0.9	0.4	0.5	-
Statewide Housing Plan	2.0	2.0	-	-	(2.0)
Total	\$97.0	\$105.2	\$8.2	\$195.5	\$105.5

\$ in millions

*FY2023 Enacted levels reflect the amounts budgeted for the Office of Housing and Community Development within the Executive Office of Commerce (EOC) and are provided to show relative housing expenditures across fiscal years. The EOC fiscally and administratively supports the Department until FY2024.

^ New ARPA SFRF-funded programs in FY2024

Housing Production Fund

The Housing Production Fund was established by the General Assembly in 2021 to provide support for the planning, production, and preservation of affordable housing in Rhode Island. That same year a dedicated revenue stream for the fund was established. Article 14 of the FY2022 Budget as Enacted increased the State’s real estate conveyance tax on the portion of real estate value over \$800,000, with the marginal new revenue to be deposited into the HPF and used to support increased affordable housing opportunities in the State. In addition to this funding, the General Assembly provided it with a one-time infusion of \$25.0 million in general revenue. The fund currently has a balance of \$19.2 million, with \$11.0 million in HPF funds obligated.

	FY2022	FY2023	FY2024
Beginning Balance	\$25.0	\$27.7	\$20.9
RECT Receipts*	2.7	4.2	4.2
Obligations/Expenditures	-	(11.0)	(3.0)
Ending Balance	\$27.7	\$20.9	\$22.2

\$ in millions

* RECT receipts in FY2023 and FY2024 come from the Office of Revenue Analysis' original full year estimate from the Governor's FY2023 Budget proposal.

CENTRAL MANAGEMENT

The Budget appropriates funding to the Department of Housing through one program line and five subprograms. Within the main Central Management program are the subprograms of the Office of the Secretary, Administration, Community Planning and Funding, Housing Stabilization, and Housing Development.

Central Management (Housing) / Office of Housing and Community Development (Commerce)	General Revenue
FY2023 Enacted*	1,522,293
<i>Target and Other Adjustments</i>	
Low-Income Housing Tax Credit Program	28,000,000
Personnel	3,185,002
Operating and Capital Expenses	290,600
FY2024 Enacted	\$32,997,895
	Other Funds
ARPA SFRF Housing and Homelessness Initiatives (federal funds)	\$105,500,000
Non-ARPA SFRF Federal Grants (federal funds)	(630,801)
Housing Resources Commission (restricted receipts)	Informational
Housing Production Fund (restricted receipts)	Informational
Affordable Housing Bonds (other funds)	Informational

*FY2023 Enacted levels reflect the amounts budgeted for the Office of Housing and Community Development within the Executive Office of Commerce (EOC) and are provided to show relative housing expenditures across fiscal years.

Low-Income Housing Tax Credit Program **\$28.0 million**

The Budget includes \$28.0 million to support a new tax credit program intended to increase the development of affordable housing in the State. Article 6 of the Budget establishes a Low-Income Housing Tax Credit program to be administered by the Department of Housing. The program allows the Secretary of Housing to grant up to \$30.0 million in tax credits annually for five years to promote development of affordable, low-income housing. The article also establishes a Low-Income Housing Tax Credit restricted receipt fund within the Department for the purpose of paying for the redemption of credits or reimbursing the state for credits applied to tax liabilities. The \$28.0 million is an initial capitalization to the tax credit fund.

Personnel **\$3.2 million**

The Budget includes \$4.5 million in general revenue personnel expenditures in FY2024, a net \$3.2 million more than the FY2023 enacted level for the Executive Office of Commerce’s Office of Housing and Community Development (OHCD), the predecessor program to the nascent Department of Housing. This increase is primarily related to the expansion of the office into a cabinet-level state agency.

Analyst Note: These costs do not reflect the \$30,000 raise for the Secretary of Housing approved on March 15, 2023, at an Unclassified Service Public Hearing at the Department of Administration. The Secretary position is a a paygrade 856, with a starting salary of \$217,614, and, originally included step increases totaling \$20,983. State law (RIGL 36-4-16.4) requires that salaries paid to directors of all state executive departments be in a flat amount, exclusive of other monetary provision such as step increases. The only other agency director position originally approved in this manner is the Secretary of Commerce. The only other head of an executive department with the title Secretary is at the Executive Office of Health and Human Services. The paygrade for that position does not have step increases and is in line with all other directors. As initially proposed the position would have been eligible for COLAs given to nonclassified employees. This was also out of sync with other agency directors.

Article 3 of the FY2024 Budget as Enacted eliminated the step increases and COLA’s for the Secretaries of Commerce and Housing, bringing them in line with all other cabinet directors.

Personnel Cost	FY2023		Change from	FY2024	Change from
	Enacted*	FY2023 Final	Enacted*	Enacted	Enacted
Salaries	\$789,332	\$565,225	(\$224,107)	\$2,718,727	\$1,929,395
Benefits	444,547	334,203	(110,344)	1,624,062	1,179,515
Statewide Benefit Assessment	31,297	22,326	(8,971)	107,389	76,092
Total	\$1,265,176	\$921,754	(\$343,422)	\$4,450,178	\$3,185,002

*FY2023 Enacted levels reflect the amounts budgeted for the Office of Housing and Community Development within the Executive Office of Commerce (EOC) and are provided to show relative housing expenditures across fiscal years. The EOC fiscally and administratively supports the Department until FY2024.

Housing Staffing Structure

The State-level staffing structure supporting housing has evolved since 2021, when the position of Deputy Secretary of Commerce for Housing was established by the General Assembly.

- **OHCD & Commerce Period:** The OHCD historically consisted of a staff of 11.0 classified (civil service) FTE positions, led by a Chief of Housing and Community Development. It has been responsible for administering various federal housing and homelessness programs and staffing the State’s Housing Resources Commission. In 2013, the General Assembly transferred the OHCD from DOA to Commerce, effective 2015, making the Secretary of Commerce in charge of the housing policy and program responsibilities of the OHCD.
- **Deputy Secretary of Commerce for Housing Period:** In 2021, the General Assembly authorized the unclassified (serving at the pleasure of the Governor) FTE position of Deputy Secretary of Commerce for Housing. An extensive set of qualifications and responsibilities for housing policy, programming, planning, and reporting were attributed to the position. The position was budgeted in the Executive Office of Commerce’s Central Management program, not the OHCD program; however, the OHCD staff were to report to the Deputy Secretary. The total FTE positions related to housing in the EOC included 11.0 classified positions in OHCD and 1.0 Deputy Secretary in Central Management for a total of 12.0 positions.
- **Secretary of Housing Transition Period:** In July 2022, the General Assembly elevated the Deputy Secretary position the cabinet-level position of Secretary of Housing, taking with it all of its previous responsibilities. The position is budgeted and administratively supported within the Executive Office of Commerce in FY2023. That same year the General Assembly established Department of Housing, effective January 1, 2023 to be led by the Secretary and transferred the OHCD to the new department. The number of positions in the OHCD program of the Executive Office of Commerce were increased by 4.0 FTEs and included 1.0 Chief Program Specialist, 1.0 Data Analyst, 1.0 Principal Planner, and 1.0 Information and Public Relations Specialist. This resulted in 15.0 classified positions plus the 2.0 unclassified positions of the Secretary’s position and a Chief of Staff, for a total of 17.0 positions.

The General Assembly also charged the Secretary with developing a State Housing Reorganization Plan, due November 1, 2022, assessing housing governance and making recommendations regarding the Department of Housing structure and interagency relationships and functions.

Analyst Note: The Secretary of Housing was required to produce a State Housing Reorganization Plan, due November 1, 2022, that assesses housing governance and making recommendations regarding the Department of Housing structure and interagency relationships and functions. This report was submitted on November 18 by the original Secretary of Housing, Josh Saal, who has since resigned, and the plan has subsequently been disregarded. According to the current Secretary of Housing, the Department is using the RI Foundation’s April 2023 Report linked in the Major Issues and Trends section of this report above.

- Department of Housing Period:** Although the Department of Housing became effective on January 1, 2023, the Secretary and affiliated staff are not budgeted within the agency until FY2024 (FY2023 personnel expenditures are budgeted in EOC). There are currently 15.0 classified positions and 2.0 unclassified positions as described above. The Department requested \$2.6 million for personnel costs for 18.0 new FTE positions with an average salary of \$86,621. The Budget includes 21.0 new positions, bring the total for the Department to 38.0 FTEs. The following table summarizes the changes in staffing outlined above.

FTE Position					Salary Costs		
	FY2022 Enacted	FY2023 FTEs	FY2024 FTEs	change	FY2023	FY2024	Change
Secretary of Housing/Deputy Secretary of Commerce*	-	1.0	1.0	-	-	\$195,016	\$195,016
Chief of Staff*	-	-	1.0	1.0	-	153,636	153,636
Administrator, Financial Management	1.0	1.0	1.0	-	109,682	116,319	6,637
Assitant Administrator Community and Planning Services	1.0	1.0	-	(1.0)	-	-	-
Assistant Chief of Planning	1.0	-	-	-	-	-	-
Assistant Financial Management	-	-	1.0	1.0	110,093	112,765	2,672
Chief Implementation Aide	1.0	2.0	2.0	-	129,974	138,035	8,061
Chief Community Development	1.0	1.0	1.0	-	122,986	126,058	3,072
Chief Legal Services	-	1.0	1.0	-	97,159	103,330	6,171
Chief Program Development	1.0	1.0	2.0	1.0	81,476	173,242	91,766
Housing Commission Coordinator	1.0	1.0	1.0	-	79,095	81,073	1,978
Interdepartmental Project Manager	1.0	2.0	3.0	1.0	195,256	307,294	112,038
Principal Housing Specialist	-	1.0	1.0	-	67,072	71,268	4,196
Principal Planner (129A)	1.0	1.0	1.0	-	83,077	85,135	2,058
Principal Planner (3529A)	1.0	1.0	1.0	-	88,896	91,118	2,222
Productivity Project Director	-	1.0	1.0	-	69,898	74,277	4,379
Programming Services Officer	1.0	2.0	5.0	3.0	88,992	389,255	300,263
Chief Public Affairs Officer	-	-	2.0	2.0	-	186,150	186,150
Compliance Standardization Officer	-	-	2.0	2.0	-	147,700	147,700
Economic policy Analyst 1	-	-	1.0	1.0	-	71,687	71,687
Legal Assistant	-	-	1.0	1.0	-	48,015	48,015
Legal Counsel	-	-	1.0	1.0	-	77,445	77,445
Principal Program Analyst	-	-	8.0	8.0	-	529,072	529,072
FTE Total	11.0	17.0	38.0	21.0	\$1,323,656	\$3,277,890	\$1,954,234
					Turnover/Transfer	-	\$247,432
					Total Salary Cost	\$1,076,224	\$3,277,890
					Total Benefit Cost	\$634,603	\$1,957,173
					Salary & Benefits	\$1,710,827	\$5,235,063
					Statewide benefit asses	\$42,510	\$129,475
					Payroll Costs	\$1,753,337	\$5,364,538
					Contracted Services	\$921,391	\$500,000
					Total Personnel	\$2,674,728	\$5,864,538
					<i>General Revenue</i>	\$921,754	\$4,450,178
					<i>Federal Funds</i>	\$1,752,974	\$1,414,360
					Total	\$2,674,728	\$5,864,538

*The Secretary position remains in the Executive Office of Commerce until FY2024. The FY2024 salary cost for the Secretary does not reflect the paygrade increase approved in March 2023.

Operating and Capital Expenses

\$290,600

The Department's existing 17-person staff is currently operating out of the offices of the Commerce Corporation located at 315 Iron Horse Way in Providence. According to both CommerceRI and the Department, the facility is currently too small and will not be able to accommodate the planned additional staff and equipment necessary to grow the agency. According to the agencies, the Department of Administration is working with the Department to locate new office space within a State-owned building.

The Budget includes \$547,717 in general revenue expenditures for operating and capital expenses in FY2024. This is a net \$290,600 increase over the FY2023 enacted level for the Executive Office of Commerce's Office of Housing and Community Development (OHCD), the predecessor program to the nascent Department of Housing.

Other Category	FY2023	FY2023	Change	FY2024	Change
	Enacted *	Final		Enacted	
Operating Supplies and Expenses	\$257,117	\$325,982	\$68,865	\$442,717	\$185,600
Capital Purchases and Equipment	-	-	-	105,000	105,000
Total	\$257,117	\$325,982	\$68,865	\$547,717	\$290,600

*FY2023 Enacted levels reflect the amounts budgeted for the Office of Housing and Community Development within the Executive Office of Commerce (EOC) and are provided to show relative housing expenditures across fiscal years.

The increase consists of \$105,000 to outfit the new Department with furniture and equipment and a net \$185,600 increase in overall operating costs. The latter consists of a \$135,000 increase in miscellaneous expenses related to the expanded scope of the new Department as compared to the EOC program; \$50,000 increase in human resource charges given the increased recruiting, hiring, and on-boarding costs associated with staffing up the new department; and a \$600 expenditure to provide certain staff with state-issued cell phones.

Operating Expenses	FY2023	FY2023	Change	FY2024	Change
	Enacted *	Final		Enacted	
Miscellaneous Expenses	(\$3,686)	(\$3,686)	-	\$131,314	\$135,000
HR Services Centers	-	25,000	25,000	\$50,000	\$50,000
Cellular and Mobile	-	-	-	600	600
Total	(\$3,686)	\$21,314	\$25,000	\$181,914	\$185,600

*FY2023 Enacted levels reflect the amounts budgeted for the Office of Housing and Community Development within the Executive Office of Commerce (EOC) and are provided to show relative housing expenditures across fiscal years.

ARPA SFRF Housing and Homelessness Initiatives (federal funds)

\$105.5 million

The Budget includes \$269.2 million in ARPA State Fiscal Recovery Funds between FY2023 and FY2024 for various previously-authorized housing and homelessness initiatives within the Department of Housing. This represents a \$8.2 million and \$64.0 million increase in FY2023 and FY2024 as compared to the FY2023 enacted level, respectively. The primary reason for the increase in FY2024 is the need to budget the entire planned expenditure amounts for the various projects in FY2024 as opposed to the original out-year budgeting schedule first proposed in 2022. This decision is based on a subsequent clarification made by the U.S. Department of Treasury regarding what constitutes the obligation of SFRF funds. Prior to the new guidance OMB considered the act of appropriating funds sufficient to meet the obligation deadlines and requirements under ARPA. Treasury has since clarified that ARPA monies have to be allocated to the final recipients by FY2024. The funding changes are summarized in the following table.

ARPA SFRF Initiative	FY2023	FY2023	Change*	FY2024	Change*
	Enacted*	Final		Enacted	
Development of Affordable Housing	\$30.0	\$30.3	\$0.3	\$55.0	\$25.0
Targeted Housing Development [^]	-	-	-	31.0	31.0
Homelessness Infrastructure	15.0	15.0	-	30.0	15.0
Down Payment Assistance	10.0	10.0	-	20.0	10.0
Homelessness Assistance	7.0	8.5	1.5	13.0	13.0
Site Acquisition	3.0	9.0	6.0	10.0	7.0
Community Revitalization	15.0	15.0	-	9.5	(5.5)
Workforce Housing	12.0	12.0	-	8.0	(4.0)
Affordable Housing Predevelopment	2.5	2.5	-	7.5	5.0
Housing-Related Infrastructure [^]	-	-	-	4.3	4.3
Municipal Homelessness Support Initiative [^]	-	-	-	2.5	2.5
Municipal Planning [^]	-	-	-	2.3	2.3
Proactive Housing Development [^]	-	-	-	1.4	1.4
Preservation of Affordable Units [^]	-	-	-	0.5	0.5
Predevelopment and Capacity Building	0.5	0.9	0.4	0.5	-
Statewide Housing Plan	2.0	2.0	-	-	(2.0)
Total	\$97.0	\$105.2	\$8.2	\$195.5	\$105.5

\$ in millions

*FY2023 Enacted levels reflect the amounts budgeted for the Office of Housing and Community Development within the Executive Office of Commerce (EOC) and are provided to show relative housing expenditures across fiscal years. The EOC fiscally and administratively supports the Department until FY2024.

[^] New ARPA SFRF-funded programs in FY2024

- **Development of Affordable Housing:** The Budget includes \$55.0 million in SFRF funds in FY2024 and \$30.3 million in FY2023. This brings the total budgeted expenditures to the \$100.0 million level that was originally planned for FY2022 through FY2025.

The initiative is administered by RIHousing and provides an enhanced gap-financing subsidy for affordable housing developments. The funds may be used in combination with or as a match to various housing programs including the state bond-supported Building Homes RI, Rhode Island’s Housing Production Fund, and U.S. Housing and Urban Development (HUD)’s Low-Income Housing Tax Credit programs.

The program’s authorizing legislation also requires RIHousing to use \$10.0 million of the SFRF appropriation to develop and support a pilot program that supports low income public housing through project-based rental assistance vouchers and financing for pre-development, improvement, and housing production costs.

- **Targeted Housing Development:** The Budget includes an additional \$31.0 million in federal SFRF funds in FY2024 for a new Targeted Housing Development program. The program, to be administrated by the Department of Housing, is to develop housing in targeted areas and/or priority projects. Of this overall program, \$27.0 million is to be allocated into a priority project fund that advances development in such priority categories as permanent supportive housing, housing dedicated to vulnerable Rhode Islanders, and other specific priorities as may be determined by the Secretary of Housing. Of this overall program, \$4.0 million is to be allocated to a support the development of transit-oriented housing as approved by the Secretary of Housing. The Budget includes \$10.0 million more than requested by the Governor.
- **Homelessness Infrastructure:** The Budget expands the Homelessness Infrastructure program in two ways. First, Article 1 of the FY2023 Supplemental expands the services eligible for funding to include homelessness prevention and stabilization programs. Secondly, the total planned expenditures for the program are increased from \$15.0 million to \$45.0 million from FY2022 through FY2024.

The Homelessness Infrastructure program, administered by the Department of Housing (Housing Development subprogram) is intended to reduce and mitigate the effects of homelessness. Funding is used to acquire or construct, both temporary and permanent shelter space, as well as other housing solutions. The authorizing legislation requires \$10.0 million of the original appropriation be provided to Crossroads Rhode Island for sponsored housing development-based and/or housing-based solutions, wrap-around services and administrative costs of implementation.

- **Down Payment Assistance:** The Budget includes \$20.0 million in SFRF funds in FY2024 and \$10.0 million in FY2023. This brings the total budgeted expenditures to the \$30.0 million level that was originally planned for FY2022 through FY2025.

The Down Payment Assistance program, administered by RIHousing, provides financial resources to first-time home buyers that help lower down payment costs and promote homeownership. Eligible home buyers must have an income of less than \$112,555 for a household under three or \$129,438 for a household with more. The buyer must have a minimum credit score of 660, complete a homebuyer education course, obtain a RIHousing-funded first mortgage, and be purchasing a home worth up to \$546,752. No funds had been committed or expended under this program through January 2023.

The program originally was limited to providing only \$17,500 in down payment assistance. Article 1 of the FY2023 Supplemental eliminates this proscribed amount, allowing both lower and higher amounts of assistance.

- **Homelessness Assistance:** The Budget includes \$13.0 million in SFRF funds in FY2024 and \$8.5 million in FY2023 for the Homelessness Assistance initiative. This brings the total budgeted expenditures to the \$21.5 million level that was originally planned for FY2022 through FY2025. This program, administered by the Department of Housing, with policy and training support from the Department of Behavioral Health, Developmental Disabilities, and Hospitals and the State's Continuum of Care network, expands housing navigation, behavioral health, and stabilization services to address pandemic-related homelessness. The program supports both operating subsidies for extremely low-income housing units and services for people transitioning from homelessness to housing, including individuals transitioning out of the adult correctional institutions
- **Community Revitalization:** The Budget includes \$9.5 million in SFRF funds in FY2024 and \$15.0 million in FY2023 for the Community Revitalization initiative. This brings the total budgeted expenditures to the \$25.0 million level that was originally planned for FY2022 through FY2025. This initiative expands RI Housing's program that finances the acquisition and redevelopment of blighted properties. The goal of the program is to stabilize neighborhoods and communities by strategically targeting foreclosed and/or blighted properties and developing them into residential, commercial, or community-oriented spaces. Residential development must serve households earning no more than 80.0 percent of area median income. Qualifying development not only includes affordable housing but may also include community-oriented projects involving the provision of social services, community art functions, food hubs, and education. The projects must serve or meet the needs of residents of a census tract where at least 51.0 percent of the residents are low-and moderate-income persons. The program also supports critical home repairs within the same communities.
- **Site Acquisition:** The Budget includes \$10.0 million in SFRF funds in FY2024 and \$9.0 million in FY2023 for the Site Acquisition program. This brings the total budgeted expenditures to the \$25.0 million level that was originally planned for FY2022 through FY2025. This RIHousing program supports the purchasing of properties for redevelopment as affordable and supportive housing. The projects are required to have deed restrictions of not less than thirty (30) years and a non-recourse structure.

- **Workforce Housing:** The Budget includes \$8.0 million in SFRF funds in FY2024 and \$12.0 million in FY2023 for the Workforce Housing program. This brings the total budgeted expenditures to the \$20.0 million level that was originally planned for FY2022 through FY2024.

Workforce housing is housing that is affordable to workers and is close to their jobs. It consists of both rental housing and home ownership that is affordable for those earning moderate to middle incomes and is reasonably close to workforce centers. Additionally, it is generally understood to be affordable to households making up to 100.0 percent of area medium income (AMI). Administered by RIHousing, the Workforce Housing program is structured to increase the housing supply for families earning up to 120.0 percent of area median income. The program builds on existing programs at the agency, and will augment the number and size of awards.

- **Affordable Housing Predevelopment:** The Budget includes \$7.5 million in SFRF funds in FY2024 and \$2.5 million in FY2023 for the Affordable Housing Predevelopment program. This brings the total budgeted expenditures to the \$10.0 million level that was originally planned for FY2022 through FY2026.

Oftentimes a barrier to the development of affordable housing is the cost of vetting a property and determining its viability. Once the State identifies and/or acquires potentially developable sites, the RIHousing Affordable Housing Predevelopment program is intended to subsidize expensive activities such as environmental testing, architectural design and legal work that often discourage development. Limited capacity of developers to finance these costs alone, restricts the number of developments they can have in pre-development at one time.

- **Housing-Related Infrastructure:** The Budget includes \$4.3 million in federal SFRF funds in FY2024 for a new Housing-Related Infrastructure initiative. These funds are to be allocated to the Rhode Island infrastructure bank as established in RIGL 46-12.2 or another entity designated by the Secretary of Housing to support physical infrastructure that is necessary to produce additional housing. All expenditures made with these funds must be for the predevelopment and development of site-related infrastructure for housing that meets pricing and/or income criteria and other criteria established by the Department of Housing. Such criteria may permit mixed-income and/or mixed-use housing. By June 30, 2024, any funds available for the program that are not yet allocated to viable physical infrastructure projects, or which have been awarded to physical infrastructure projects or municipalities which are unable to demonstrate substantial completion of all work by December 31, 2026, shall be reallocated to other housing-related purposes. Determination of the viability and/or substantial completion of physical infrastructure projects shall be at the sole discretion of the Secretary of Housing.
- **Municipal Homelessness Support Initiative:** The Budget includes \$2.5 million in federal SFRF funds within the Department of Housing to fund a new municipal homelessness support program. The new program provides grants to for community services that would help emergency shelters improve outcomes in local communities. Grants would support services such as homeless outreach, day programs, ambulance response, and other activities, as well as subsidizing municipal services delivered in support of shelters.
- **Municipal Planning:** The Budget provides an additional \$2.3 million in SFRF funding for a new program within the Department of Housing to support municipalities around affordable housing planning and implementation. The program includes \$1.3 million for a housing development-focused municipal fellows program and \$1.0 million in grants for municipalities, including funds to study and implement zoning changes that up-zone or otherwise enable additional housing development in proximity to transit.
- **Proactive Housing Development:** The Budget includes \$1.4 million in federal SFRF funds in FY2024 for a new initiative that supports proactive development activities, including staffing, that are conducted

by the enhanced subsidiary of the Rhode Island housing and mortgage finance corporation established under Article 6 of the Budget.

- **Preservation of Affordable Housing:** The Budget provides \$500,000 in FY2024 in federal SFRF funds for a new program supporting the preservation of existing structures for affordable housing, particularly for properties at risk of foreclosure or blight. These funds are shifted from the existing Home Repair and Community Revitalization program.
- **Predevelopment and Capacity Building:** The Budget includes \$500,000 in SFRF funds in FY2024 and \$900,000 in FY2023 for the predevelopment and capacity building support within the Department of Housing. This brings the total budgeted expenditures to the \$10.0 million level that was originally planned for FY2022 through FY2026. This program supports increased contract staffing capacity to administer proposed affordable housing projects. The funding supports research and data analysis, stakeholder engagement, and the expansion of services for people experiencing homelessness.
- **Statewide Housing Plan:** The Budget includes \$2.0 million in SFRF funds in FY2023 to support the development of a statewide comprehensive housing plan to assess current and future housing needs, consider barriers to home ownership and affordability, and identify services needed for increased investments toward disproportionately impacted individuals and communities. The funding must be used to support municipal planning efforts to identify and cultivate viable sites and housing projects.

Non-ARPA SFRF Federal Grants (federal funds) (\$630,801)

The Budget includes a net \$630,801 decrease in non-ARPA SFRF federal grant programs funds in FY2024.

Non-ARPA SFRF Federal Grants	FY2023			FY2024	
	Enacted*	FY2023 Final	Change*	Enacted	Change*
CDBG Program	\$9.3	\$16.5	\$7.2	\$11.4	\$2.1
Shelter Funding	5.6	4.9	(0.8)	3.2	(2.4)
Housing Opportunities for Persons with AIDS	0.8	1.4	0.6	0.4	(0.4)
Recovery Housing Program	-	1.0	1.0	0.5	0.5
Neighborhood Stabilization Program	0.5	0.1	(0.3)	-	(0.5)
Total	\$16.1	\$23.9	\$7.8	\$15.5	(\$0.6)

\$ in millions

*FY2022 Actual and FY2023 Enacted levels reflect the amounts budgeted for the Office of Housing and Community Development within the Executive Office of Commerce (EOC) and are provided to show relative housing expenditures across fiscal years. The EOC fiscally and administratively supported the Department prior to January 1, 2023.

- **CDBG Program:** The Budget includes a net \$7.2 million increase Community Development Block Grant Funds in in the FY2023 Revised Budget and a \$2.1 million net increase in FY2024. The net changes reflect a combination of additional new U.S. Department of Housing and Urban Development’s CDBG formula funding, the expiration of previous year allocations, and updated project funding needs.
- **Shelter Funding:** The Budget includes \$3.2 million in standard federal shelter and homelessness funding in FY2024, a net \$2.4 million decrease as compared to the enacted level. The FY2023 recommendation of \$4.9 million represents a net \$769,540 decrease.

Rhode Island receives funding for this purpose from HUD’s Emergency Shelter Grant (ESG) program, the U.S. Department of Health and Human Services’ Social Services Block Grant (SSBG) program, and the Federal Emergency Management Agency. The SSB goes to the establishment and operations of shelters and supportive services for the homeless. ESG funding is decreased by \$2.4 million and SSBG funding is increased by \$23,520 in FY2024. FEMA is was not funded in the FY2023 Budget as Enacted and is not in FY2024. The Budget; however, includes \$2.7 million in the FY2023 Supplemental Budget. These changes reflect new and final federal formula appropriation levels for Rhode Island.

- **Housing Opportunities for Persons with AIDS:** The Budget includes \$368,616 in federal Housing Opportunities for Persons with AIDS (HOPWA) program in FY2024, \$383,968 less than the enacted level to reflect adjusted formula allocations to the State. The program funds supportive services and housing for low-income people living with HIV/AIDS.
- **Recovery Housing Program:** The Budget includes \$517,248 in FY2024 and \$1.0 million in FY2023 for the Recovery Housing Program (RHP). This new federal U.S. Housing and Urban Development initiative supports stable, transitional housing for individuals in recovery from a substance use disorder. RHP eligible activities include public facilities and improvements; acquisition sites; lease, rent, and utilities payments; rehabilitation and construction of housing; clearance and demolition, and relocation.
- **Neighborhood Stabilization Program:** The Budget does not include funding in FY2024 the Neighborhood Stabilization Program, representing a \$479,066 decrease as compared to the enacted level. The reduction reflects final federal formula appropriation levels for Rhode Island. The NSP provides assistance to state and local governments to mitigate abandonment and blight by purchasing foreclosed or abandoned homes to rehabilitate, resell, or redevelop in order to stabilize neighborhoods and prevent the values of neighboring homes from declining.

Housing Production Fund (restricted receipts)

Informational

- **Background:** The FY2022 Budget as Enacted established a new fund to finance housing programs in the State. The Housing Production Fund (HPF) is a restricted receipt fund that provides “financial assistance by loan, grant, or otherwise for the planning, production, or preservation of affordable housing in Rhode Island for households earning not more than 80.0 percent of area median income”. The fund may also be used to support technical and financial assistance for municipalities to support increased local housing production. It is administered by RIHousing. The authorizing legislation also directs RIHousing to prioritize households either exiting homelessness or earning not more than 30.0 percent of area median income.

The FY2022 Budget also provided a dedicated revenue stream for the fund. Article 14 increased the State’s real estate conveyance tax on the portion of real estate value over \$800,000, with the marginal new revenue to be deposited into the HPF and used to support increased affordable housing opportunities in the State. The 2021 General Assembly Budget also provided \$25.0 million in one-time general revenue to capitalize the HPF.

- **Funding:** The following table shows expenditures and revenues for the Housing Production Fund.

	FY2022	FY2023	FY2024
Beginning Balance	\$25.0	\$27.7	\$20.9
RECT Receipts*	2.7	4.2	4.2
Obligations/Expenditures	-	(11.0)	(3.0)
Ending Balance	\$27.7	\$20.9	\$22.2

\$ in millions

** RECT receipts in FY2023 and FY2024 come from the Office of Revenue Analysis' original full year estimate from the Governor's FY2023 Budget proposal.*

According to RIHousing, \$11.0 million of the initial \$25.0 million capitalization in HPF funds have been obligated. The status of these funds is summarized below.

Category	Allocation	Status
Housing Production	\$10.0	Fully Obligated. 7 developments, 360 affordable units, 32 market rate units. 1 project under construction, another received firm commitment
Extremely Low Income	\$10.0	Created new HPF-Extremely Low Income Operating Reserve Program to meet authorizing legislation's directive. \$1.0 million obligated to date, supporting 15 units for 10 years.
Technical Assistance	\$5.0	Guidelines have been approved. Request for Proposal for a consultant closed on 2/28/23.

\$ in millions

Affordable Housing Bonds (other funds)

Informational

The Budget includes \$40.0 million in general obligation bond proceeds for affordable housing capital projects in FY2023 and \$14.4 million in FY2024. The recommendation totals \$70.4 million for FY2023 through FY2028. These expenditures appear in the capital plan within the Executive Office of Commerce.

Bond Authorization	Pre-FY2023	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	Total
P.L. 2016, Ch. 142 - Issued	\$26.1	\$10.0	\$3.9	-	-	-	-	\$40.0
P.L. 2020, Ch. 80 - Issued	8.5	30.0	-	-	-	-	-	38.5
P.L. 2020, Ch. 80 - Unissued	-	-	10.5	12.0	4.0	-	-	26.5
Total	\$34.6	\$40.0	\$14.4	\$12.0	\$4.0	-	-	\$105.0

\$ in millions

Executive Office of Health and Human Services

Expenditures by Program	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Enacted	Final	Enacted		Enacted	Enacted	
Central Management	\$186.1	\$324.4	\$288.2	(\$36.1)	-11.1%	\$253.5	(\$70.8)	-21.8%
Medical Assistance	3,182.7	3,290.1	3,174.9	(115.2)	-3.5%	3,561.5	271.4	8.2%
Total	\$3,368.8	\$3,614.4	\$3,463.1	(\$151.4)	-4.2%	\$3,815.0	\$200.6	5.5%

Expenditures by Source

General Revenue	\$992.6	\$1,196.9	\$1,080.9	(\$116.0)	-9.7%	\$1,314.1	\$117.2	9.8%
Federal Funds	2,311.1	2,336.4	2,326.3	(10.1)	-0.4%	2,448.8	112.4	4.8%
Restricted Receipts	65.0	81.1	55.8	(25.2)	-31.1%	52.1	(29.0)	-35.8%
Total	\$3,368.8	\$3,614.4	\$3,463.1	(\$151.4)	-4.2%	\$3,815.0	\$200.6	5.5%

Authorized FTE Levels	190.0	204.0	204.0	-	-	218.0	14.0	6.9%
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\$ in millions. Totals may vary due to rounding.

The Executive Office of Health and Human Services (EOHHS) is the umbrella agency which oversees the Departments of Health (DOH); Human Services (DHS); Children, Youth, and Families (DCYF); and Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH). EOHHS coordinates the organization, finance, and delivery of publicly-funded health and human services programs and serves as the single State agency for Medicaid. Its mission is to ensure access to high quality and cost-effective services which foster the health, safety, and independence of all Rhode Islanders.

MAJOR ISSUES AND TRENDS

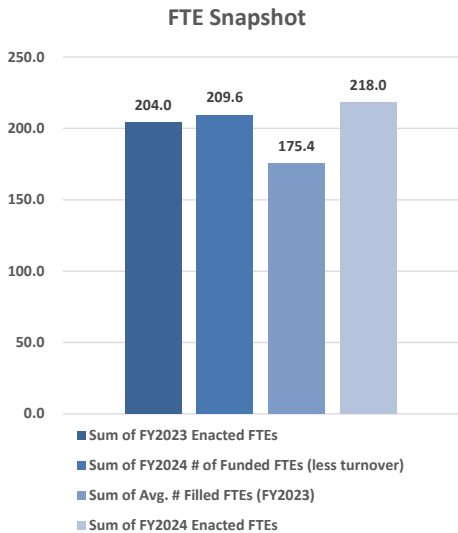
The FY2024 Budget contains fewer initiatives compared to a typical budget year, but there is an increase in general revenues due to the expiration of the enhanced Federal Medical Assistance Percentage (FMAP) and the delay in lifting the ban on redeterminations. The May 2023 Caseload Estimating Conference estimate projected the need for an additional \$12.2 million from general revenues to fund the Medicaid program in FY2024 compared to the FY2023 Enacted level.

New initiatives in the Budget include an additional \$2.3 million in general revenue (\$5.1 million in all funds) to more than double the Medicaid rates paid for advanced and basic life support ambulance services, \$548,125 in general revenue (\$1.2 million all funds) to expand the Sherlock Program to allow individuals to go through the federal Ticket to Work program, and \$536,384 in general revenue to expand the Reproductive Privacy Act of 2019 to individuals enrolled in Medicaid, ensuring Medicaid recipients have full access to termination of pregnancy services.

The Budget authorizes 218.0 FTE positions for EOHHS in FY2024, an increase of 14.0 FTEs relative to the FY2023 Enacted level. The increase includes 7.0 FTE positions for core structure staffing; 3.0 FTEs for the Public Health Emergency Unwinding; 3.0 Medicaid Eligibility Quality Control FTE positions transferred from the Department of Human Services; and, 1.0 FTE position for the Certified Community Behavioral Health Clinics.

Health System Transformation Project

The Budget includes \$14.5 million from federal funds and \$13.5 million from restricted receipts (\$28.0 million all funds) for the Health System Transformation Project (HSTP) in FY2024.



The Health System Transformation Project is an ongoing initiative that began in FY2017. It was a product of the Governor's Working Group to Reinvent Medicaid, which established a model to reform the State's Medicaid program to shift to value-based payments; coordinate physical, behavioral, and long-term healthcare; rebalance the care delivery system away from high-cost settings; and promote efficiency, transparency, and flexibility in publicly-funded healthcare.

The primary focus of HSTP has been to partner with the State's institutions of higher education to bolster the healthcare workforce and with the State's managed care organizations (MCOs) to establish Accountable Entities (AEs). Accountable Entities are integrated provider organizations responsible for improving the quality of care and outcomes for patients while also managing costs. This delivery system provides coordinated care and reduces unnecessary and ineffective utilization of services. Currently, the State has approved the operation of six certified Accountable Entities: Blackstone Valley Community Health Care, Coastal Medical, Integrated Healthcare Partners, Integra Community Care Network, Providence Community Health Centers, and Prospect Health Services.

On October 20, 2016, the federal government approved an amendment to the State's Section 1115 Waiver to provide funding for the HSTP. This amendment brought in up to \$130.0 million in federal funding. The amount was determined by matching 50.0 percent of the State's existing investment in health professional education at the time the amendment was submitted, which totaled approximately \$260.0 million. The federal match enabled the State to free up \$130.0 million, which was deposited into a restricted receipt account to be invested in the development of Accountable Entities. The federal government also agreed to match these restricted receipt expenditures.

CENTRAL MANAGEMENT

EOHHS' Central Management division is responsible for consolidating and coordinating major programmatic and administrative functions of the four health and human services agencies, including budget, finance, and legal services.

Central Management	General Revenue
FY2023 Enacted	\$49,502,266
<i>Target and Other Adjustments</i>	<i>1,067,708</i>
Long-Term Care Rebalancing Support	(5,000,000)
Public Health Emergency - Medicaid Redeterminations (Unwinding) (3.0 FTE positions)	2,237,732
Medicaid Management Information System (MMIS) Uncommitted Expenses	(1,270,000)
UHIP Base Budget Adjustment	(1,223,801)
Core Structure Staffing (7.0 FTE positions)	389,262
(CCBHC (1.0 FTE position)	324,692
1115 New Waiver Implementation Costs	320,000
Children's Cabinet - Early Learning Programs	220,000
Medicaid Eligibility Quality Control (MEQC) Staff Transfer (3.0 FTE positions)	186,974
Hospital Licensing Fee (HLF) Administrative Support	175,000
Nursing Facility Minimum Staffing	172,500
Medicare-Medicaid Plan (MMP) Ombudsman	169,737
Health Source RI (HSRI) - Project Manager Position in Department of Administration	16,399
FY2024 Enacted	\$47,288,469
Central Management	Other Fund Changes
ARPA Enhanced FMAP: Home and Community Based Services (federal funds)	\$4,468,076
SAMHSA Behavioral Health System of Care for Children and Youth (federal funds)	2,510,861
Opioid Accounts (restricted receipts)	(16,725,270)
Nursing Facility Penalty Reinvestment (restricted receipts)	300,000

Long-Term Care Rebalancing Support **(\$5.0 million)**

The Budget removes \$5.0 million in both general revenue and federal funds (\$10.0 million all funds) in one-time, increased support for the long-term care rebalancing provisions, a component of the FY2023 Perry Sullivan investment. Allowable uses of these funds included efforts to increase retention and recruitment, reimbursements for education or certification costs, as well as new or renewed license attainment.

Public Health Emergency – Medicaid Redeterminations (Unwinding) (3.0 FTE positions) **\$2.2 million**

While the Public Health Emergency (PHE) ended in May 2023, the Consolidated Appropriations Act (CAA) of 2023, signed on December 29, 2022, required states to end the continuous Medicaid coverage requirements and begin disenrollment on April 1, 2023. The Budget provides a net increase in funding of \$650,146, including \$2.1 million in general revenue and \$29,288 in restricted receipts, partially offset by a \$1.4 million decrease in federal funds for costs associated with the redetermination process.

In addition to these adjustments, the Budget provides \$206,160 in general revenue and \$167,265 in federal funds (\$373,325 all funds) to support 3.0 new FTE Appeals Officer positions to manage the higher volume of eligibility appeals anticipated during the redetermination process. These positions are time limited to the duration of the unwinding process, which is expected to last about 12 months. The redetermination process will require state agencies to contact individual Medicaid enrollees to reconfirm their eligibility status.

Medicaid Management Information System (MMIS) Uncommitted Expenses **(\$1.3 million)**

The Budget includes a net reduction of \$1.3 million in general revenue and \$3.6 million in federal funds (\$4.9 million total) in funding for the Medicaid Management Information System (MMIS). The decrease includes a reduction of \$1.6 million in general revenue and \$4.6 million in federal funds in uncommitted expenses for system modifications. This reduction is partially offset by an increase of \$330,000 in general revenue and \$990,000 in federal funds for the MMIS economic adjuster in the contract with Gainwell Technologies. Gainwell Technologies is responsible for the maintenance and operations of the State's MMIS through the extended contract, which began in April 2021 and expires in March 2025. The MMIS processes claims for Medicaid services and tracks Medicaid expenditures on a monthly basis. This funding is to support the current MMIS system while the new modular system (MES) is implemented.

EOHHS requested \$659,720 in general revenue and \$2.0 million in federal funds for the economic adjuster in the contract with Gainwell Technologies. These funds were not recommended by the Governor and were not included in the budget. The contract provides fiscal agent services and system maintenance and modification. Without the additional funds, EOHHS indicated in the request that they may have to reduce the number of system maintenance and modification hours and this reduction could put EOHHS at risk of not complying with new federal guidelines and of not being able to implement FY2024 budget items that require an update to the MMIS system. Subsequently, however, EOHHS indicated they could still meet federal guidelines under the Budget.

The State's existing MMIS was originally implemented in 1993. This MMIS is a rules-based, table-driven, client server system that supports integrated MMIS functionalities and data management capabilities. Over the years, the State's MMIS has continued to be adapted to meet the needs of the State, but in order to come into compliance Centers for Medicare and Medicaid Services (CMS), the State must adopt a modular system to improve functionality and cost-effectiveness by allowing the State to procure technology that fits the States' business and operational needs. Without the new system, CMS will no longer provide a 90.0 percent match for future updates or maintenance. The Department's plan is to modularly procure the MMIS over the next seven years to meet CMS' modularity and interoperability requirements.

UHIP Base Budget Adjustment **(\$1.2 million)**

In September 2016, the State launched Phase II of the Unified Health Infrastructure Project (UHIP), the largest scale IT project the State has undertaken. The project, renamed RI Bridges, integrates more than 15 health and human services eligibility-determination systems into one. The system has been troublesome

and expensive for the State, far exceeding the initial general revenue projections of \$89.3 million. In July 2020, the State submitted an Implementation Advanced Planning Document Update (IAPD-U) to the federal government, which projected total project costs of \$154.2 million in State funds (\$681.2 million all funds) through September 30, 2021. These costs are shared across EOHHS, DHS, and HealthSource RI. The table below details spending within EOHHS for the UHIP project.

EOHHS UHIP Funding								
	Pre FY2019	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Final	FY2024 Enacted	Grand Total
General Revenue	\$35.9	\$4.9	\$2.0	\$9.6	\$9.9	\$12.4	\$12.7	\$87.5
Federal Funds	236.4	40.1	36.1	37.2	35.3	39.9	45.8	470.9
Restricted Receipts	-	-	25.7	-	-	-	-	25.7
Total	\$272.3	\$45.1	\$63.8	\$46.9	\$45.3	\$52.2	\$58.5	\$584.1

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

The initial Deloitte contract was set to expire on March 31, 2019. On March 15, 2019, the State announced plans to extend the contract through June 30, 2021, with revisions to reflect a settlement with Deloitte. Under the terms of the extended contract, the State agreed not to sue the company in exchange for a 25.0 percent rate reduction for fixed-price services through FY2021, reducing the cost of services by an estimated \$75.0 million, as well as a direct cash payment of \$50.0 million. The settlement payment was received in February 2020 and the full \$50.0 million was included in restricted accounts in the FY2020 Budget as Enacted. In June 2021, Governor McKee announced that the State had awarded Deloitte a three-year contract, valued at \$99.4 million to continue to develop and maintain the UHIP project. As the project shifts from development to maintenance, the Budget reflects a net decrease of \$5.4 million in FY2023 and a net increase of \$396,086 in FY2024, relative to the FY2023 Budget as Enacted. In FY2023, the net decrease includes a decrease of \$805,789 in general revenue and \$4.6 million in federal funds. In FY2024, the net increase includes an increase of \$462,546 in general revenue and a decrease of \$66,460 in federal funds.

Core Structure Staffing (7.0 FTE positions)

\$389,262

The Budget provides \$389,262 in general revenue (\$1.1 million in all funds) to support 7.0 new FTE positions intended to support the core agency structure and increase the legal capacity of the Department of Children, Youth and Families (DCYF), and the Department of Human Services (DHS). The positions provided include

- 2.0 FTE legal staff for DCYF,
- 1.0 FTE legal staff for child support enforcement at DHS,
- 3.0 FTE positions to build finance and budgeting capacity at EOHHS, and,
- 1.0 FTE Medicaid Chief of Pharmacy at EOHHS.

Since the Budget provides additional staff to support the Medicaid program, contracted financial services for the program are reduced by \$450,000, including \$170,000 in general revenue and \$280,000 in federal funds.

CCBHC Rates per FY2023 Law (1.0 new FTE position)

\$324,692

The Budget provides \$324,692 in general revenue and \$324,692 in federal funds to support 1.0 FTE Senior Economic and Policy Analyst position (\$138,294 with half from federal funds) and contracted technical assistance (\$511,090 with half from federal funds) to support the costs of reporting and rate setting not funded out the State Fiscal Recovery Funds (SFRF) included for Certified Community Behavioral Health Clinics (CCHBC) in the FY2023 Budget as Enacted. The CCBHC is expected to begin providing services in FY2024. The Certified Community Behavioral Health Clinic model is designed to ensure access to coordinated comprehensive behavioral health care through specially-designated clinics that provide a comprehensive range of mental health and substance-use-disorder services.

The FY2023 Budget as Enacted provided \$30.0 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) for the CCBHC program, including \$25.8 million to provide assistance and grants for providers and organizations to develop the capacity to operate as a CCBHC and/or participate in service delivery, \$2.3 million to support the necessary state infrastructure investments to establish the program, and \$1.9 million for contracted services to assist in the transition. These funds will be used to establish a Medicaid reimbursement rate to provide ongoing funding to sustain and expand the CCHBC delivery model.

In 2017, the Substance Abuse and Mental Health Services Agency (SAMHSA) selected eight states to participate in the demonstration program including New York and Minnesota. Case studies in both of these states found cost savings and reduction in utilization of emergency department and inpatient hospitalization of more than 50.0 percent, as a result of the program. More recently, 15 states, including Rhode Island, received \$1.0 million planning grants. In 2024, ten of these states will be chosen to participate in another CCHBC federal demonstration program. EOHHS projects that full implementation of the program will result in improved access to behavioral health services and a reduction in emergency department and inpatient utilization.

EOHHS is implementing a cost-based, per-clinic monthly rate that applies uniformly to all CCBHC services rendered by a certified clinic. Each CCBHC will submit a cost report with all allowable costs by population. These reports will be used to establish a per-member-per-month (PMPM) rate for each population. The first costs reports were due in December 2022; consequently, EOHHS used a services-based rate as a proxy to create a placeholder for the budget request. In a letter to the Senate Finance Committee, dated January 17, 2023, EOHHS indicated the process was moving forward and the provider costs reports would be submitted by February 15, 2023, instead of December 2022. EOHHS has indicated that it is currently working with the consultant, Milliman, to review the reports and make a rate determination for FY2024.

The initiative consists of three phases:

- Phase I consists of the CCBHC Infrastructure Grant program currently underway with SFRF funds that focuses on assessment and the development of organizational capacity for program implementation.
- Phase II will focus on the establishment of measures and the submission of baseline data using the 22 CMS CCBHC metrics through a pay-for-reporting model.
- Phase III will focus on performance relative to established measures and model sustainability.

EOHHS intends to leverage two sources of enhanced federal match to help support this program: the CCHBC Demonstration Enhanced Federal Medical Assistance Percentage (FMAP expected to be available from October 2024 through September 2028, and the Mobile Crisis Unit Enhanced FMAP. Under ARPA, the 85.0 percent FMAP is available for Medicaid Mobile crisis services for the first three years of state coverage. EOHHS estimates assume the mobile crisis costs are matched at the enhanced level until the demonstration enhanced match takes its place. The CCBHC enhanced FMAP rate can be applied to services that the state is currently claiming at the standard match resulting in general revenue savings to partially offset the cost of the initiative.

1115 New Waiver Implementation Costs

\$320,000

The Budget includes \$320,000 in general revenue and \$620,000 in federal funds (\$940,000 all funds) in one-time implementation funds for the most recent waiver extension. The current Medicaid 1115 waiver is in effect from January 1, 2019, to December 31, 2023. The proposed waiver extension would be in effect from January 1, 2024, to December 31, 2028. In order to prepare for the implementation of the extension, the implementation funds will support system changes and a new contract staff position to manage the implementation, and ensure efficacy and monitoring. The contract position is expected to be in place for two years. With these resources in place, EOHHS will be able to implement less complex tasks as soon as approval is received and more complex tasks within the first year; otherwise, implementation might take

six to 18 months. Information on the proposed waiver extension can be found here: <https://eohhs.ri.gov/reference-center/medicaid-state-plan-and-1115-waiver>.

Children’s Cabinet – Early Childhood Programs **\$220,000**

The Article 10 of the FY2023 Budget as Enacted provided for the creation of an Early Childhood Governance Working Group tasked with submitting a report to the Governor and General Assembly, by October 1, 2023, with recommendations addressing the coordination and administration of an early childhood program. The FY2023 Budget also provided \$250,000 to the Children’s Cabinet in general revenue to facilitate this planning. Pursuant to EOHHS’ third quarter report, the Budget shifts \$220,000 of this funding into FY2024.

Medicaid Eligibility Quality Control (MEQC) Staff Transfer (3.0 FTE positions) **\$186,974**

The Budget shifts 3.0 FTE Medicaid Eligibility Quality Control (MEQC) positions, \$186,974 in general revenue, and \$186,974 in federal funds from the Department of Human Services to EOHHS. The MEQC program of the Social Security Act requires states to report the ratio of erroneous excess payments to total expenditures for medical assistance. The Act sets a 3.0 percent threshold for improper payments in a fiscal year and generally requires the Secretary of Human Services to withhold payments to states that exceed that threshold. To avoid conflicts of interest, federal regulations require agency and personnel for the development, direction, implementation, and evaluation of MEQC review and activities be functionally and physically separate from the agency and personnel responsible for Medicaid and CHIP policy and operations, including eligibility determinations. The positions transferred include 1.0 FTE Senior Quality Control Review Supervisor position and 2.0 FTE Quality Control Reviewer positions.

Hospital Licensing Fee (HLF) Administrative Support **\$175,000**

The Budget provides \$175,000 in general revenue and \$175,000 in federal funds (\$350,000 all funds) to provide contracted professional services to support the changes to hospitals, including the Hospital Licensing Fee and managed care direct hospital payments, included in Article 9 of the Budget. An additional \$200,000, split evenly between general revenue and federal funds, is provided in the FY2023 budget. The contractors will assist EOHHS with any changes required by the CMS, with the calculation and verification of hospital payments, and other supports as needed to support the recommended changes.

Nursing Facility Minimum Staffing **\$172,500**

The Budget includes \$172,500 in general revenue and \$172,500 in federal funds (\$345,000 all funds) to provide contract support for a rate revision required by RIGL 40-8-19. Contractors will review and compile the nursing facility cost reports, develop updated rates under the current state plan methodology, estimate payment impacts, and prepare a final report with a final calculation, and assist with stakeholder engagement and presentations. Under current law, the rate review is required every three years.

The minimum staffing law requires nursing facilities residents to receive an average of 3.58 hours of direct care per day. The Rhode Island Health Care Association (RIHCA) reported in a February 13, 2023, press release that 70.0 percent of facilities were out of compliance in the second quarter of 2022 (April through June) with potential fines for that quarter totaling more than \$11.4 million.

EOHHS requested an amendment to RIGL 40-8-19(a)(4)(i) to shift the annual nursing facility certification reporting deadline from July 31 to December 31 to allow for a full year of payment reflecting the impact of rate increases that take effect on October 1. RIGL 40-8-19 requires that 80.0 percent of direct and indirect care rate increases pass through to compensate direct care workers. Providers are required to submit certification forms attesting to their compliance annually by July 31; however, since nursing home rates are increased annually on October 31, the July deadline excludes two months of data. Shifting the deadline will allow for a full year of data to be collected. The Governor did not recommend this change and it was not included in the Budget.

EOHHS also requested a restricted receipt account, known as the “Minimum Staffing Level Certification Penalty Account”, to receive clawback and penalties received from noncomplying nursing homes and a restriction on the use of these funds to auditing and oversight needed to ensure compliance with RIGL 40-8-19. This fund would be exempt from indirect cost recovery pursuant to RIGL 35-4-27. The Governor did not recommend this change and it was not included in the Budget.

Medicare-Medicaid Plan (MMP) Ombudsman \$169,737

The Budget provides \$169,737 in general revenue and \$169,737 in federal funds (\$339,474 total funds) for the Medicaid state match to extend the Medicare- Medicaid Plan (MMP) Ombudsman program, and for consultant support for the implementation of the dual eligible transition plan. Beginning in 2015, Rhode Island has worked with the CMS to test a model for providing Medicare-Medicaid dual enrollees with a more coordinated, person-centered experience; however, pursuant to a CMS final rule, issued on April 29, 2022, the Financial Alignment Initiative (FAI) demonstration will phase out on December 31, 2023. States have the option to extend their MMP demonstrations until December 31, 2025, by submitting a transition plan detailing their conversion to another type of plan, a Fully Integrated Dual Eligible Special Need Plan (FIDE-SNP). According to EOHHS, the additional time is needed to complete the transition for dual eligibles.

Currently, the MMP serves about 13,000 dual eligible beneficiaries through the ombudsman program. For these beneficiaries, Medicare is the primary payer for most hospital, medical, and pharmacy services, while Medicaid pays for the Medicare deductibles and cost share, and provides coverage for additional services, including long-term services and supports (LTSS) and home and community-based services (HCBS). According to the EOHHS, fragmentation between the systems occurs at multiple levels.

This initiative includes two parts:

- **Support for the MMP Ombudsman Program:** Currently, this program is provided through a contract with the Rhode Island Parent Information Network (RIPIN) that is totally funded with a federal grant from the Administration for Community Living (ACL). This contract and the federal grant expire on April 30, 2024; consequently, state funding is needed to continue this federally required program from May 1, 2024, to December 31, 2025. The total cost of this extension is \$394,738, including \$39,474 in FY2024, \$236,843 in FY2025, and \$118,422 in FY2026.
- **Consultant support for the implementation of the dual eligible transition plan:** The transition will occur over three years and include coordinating a stakeholder engagement process, executing a Medicaid and/or FIDE-SNP contracting process, obtaining needed State legislative or Medicaid authorizations, and implementing an aligned enrollment system. This portion is estimated at \$900,000 over three years, including \$300,000 annually in FY2024 through FY2026, and \$400,000 over two years for options counseling, including \$200,000 annually in FY2025 and FY2026.

HealthSource RI (HSRI) Project Manager Position in Department of Administration \$16,399

The Budget includes \$16,399 in general revenue and \$106,117 in federal funds (\$122,516 total funds) in EOHHS to support the conversion of 1.0 contractor position to a new 1.0 FTE Project Manager I position located in the Department of Administration to guide the design of a new eligibility system features, improvements, and fixes. Reductions in contract costs are expected to offset the cost of this position and result in some savings. According to the Department, HSRI is more reliant on contract staff than other RI State agencies and other state Exchanges that have significantly higher staffing levels and minimal contract staff.

Analyst Note: To support this position, the Budget also provides \$14,891 in general revenue within the Department of Human Services and \$8,739 in restricted receipts within the Department of Administration, providing a total of \$146,146 in all funds.

Federal Fund Changes**\$7.0 million**

The Budget includes a net increase in federal funding of \$7.0 million, including the following:

- **ARPA Enhanced FMAP: Home and Community Based Services (\$4.5 million):** The Budget includes \$30.1 million in federal funds and \$22.9 million in restricted receipts (\$53.1 million total) for Home and Community Based Services (HCBS) funded from the enhanced FMAP, an increase of \$4.5 million in federal funds and a decrease of \$2.7 million in restricted receipts, relative to the FY2023 Budget as Enacted. An additional \$1.1 million in federal funds and \$793,797 in restricted receipts is provided in the Medical Assistance program. Through the American Rescue Plan Act (ARPA), the State was eligible for enhanced FMAP of 10.0 percent on HCBS for all expenditures that took place from April 1, 2021, through March 31, 2022. These new federal dollars freed up an equal amount of state funding that was deposited into a restricted receipt fund which must be used to enhance, expand, or strengthen Medicaid HCBS. The State then can use these freed-up funds while receiving federal matching dollars up until March 31, 2025. To retain this new funding, the State must only use the funding as outlined in the guidance, and must not reduce HCBS services as specified in the guidance. According to the Executive Office, the funds will be used to enhance, expand, or strengthen Medicaid HCBS, while addressing disparities and equity issues.

Supporting provider efforts to recruit and retain direct care workers remains the State's top priority for this funding with targeted rate increases, allowing the State to distribute the funding efficiently and equitably. While these rate increases are temporary, the data resulting from the investment will help the State determine appropriate rate increases for the future. The approved spending plan includes \$17.9 million for children's behavioral health programs, \$4.2 million for workforce development, \$5.0 million for housing programs, \$1.6 million to support the expansion of Certified Behavioral Health Clinics, \$1.5 million for First Connections, and \$850,000 for an oral health pilot program. The spending of the remaining \$31.4 million is to be determined. Subsequent to the initial spending plan, EOHHS has focused on three key project areas: HCBS recruitment and retention; LTSS No Wrong Door enhancements, and children's behavioral health system capacity enhancements.

- **SAMHSA Behavioral Health System of Care for Children and Youth (\$2.5 million):** In September 2022, EOHHS was awarded a four-year, \$10.5 million grant from the federal Substance Abuse and Mental Health Services Administration (SAMHSA). The Budget provides \$2.2 million in FY2023 and \$2.5 million in FY2024 to strengthen pediatric mental and behavioral health services in the State. The grant will be used in the following programs: Expanded Mobile Crisis and Stabilization Services (MRSS), Community-Based Intensive Care program, Family Engagement activities, and data collection and performance evaluation.

Opioid Accounts (restricted receipts)**(\$16.7 million)**

The Budget includes a net decrease in restricted receipt opioid funding of \$16.7 million, including the following:

Project	EOHHS				
	FY2023 Enacted	FY2023 Final	Change from Enacted	FY2024 Enacted	Change from Enacted
Statewide Opioid Abatement Account					
Distributors Settlement Account in EOHHS	\$19,980,000	\$0	(\$19,980,000)	\$0	(\$19,980,000)
Investment in Community -Based Mental Health - RI Foundation		2,500,000	2,500,000	575,000	575,000
Harm Reduction Centers Infrastructure		2,000,000	2,000,000	1,250,000	1,250,000
First Responder/Peer Recovery Specialist Trauma Supports		1,000,000	1,000,000	-	-
Housing Capital, Operating, and Services for High-Risk Communitiites		1,000,000	1,000,000	-	-
Non-Profit Capacity Building and Technical Assistance - RI Foundation		1,000,000	1,000,000	-	-
BIPOC Industry Workers and Chronic Pain Treatment and Prevention		500,000	500,000	-	-
Recovery Housing Incentives		500,000	500,000	-	-
Project Evaluation (contractor)		500,000	500,000	500,000	500,000
Communications - multilingual media		380,000	380,000	-	-
Emergency Response Set-Aside - Department of Housing		367,500	367,500	500,000	500,000
Harm Reduction Technologies		250,000	250,000	-	-
Project Administration		250,000	250,000	600,000	600,000
Total	\$19,980,000	\$10,247,500	(\$9,732,500)	\$3,425,000	(\$16,555,000)
McKinsey Opioid Settlement Fund					
Harm Reduction Communications Campaign	\$450,000	\$450,000	\$0	\$100,000	(\$350,000)
Harm Reduction - West Elmwood Health Equity Zone (HEZ)	60,000	60,000	-	-	(\$60,000)
Total	\$510,000	\$510,000	\$0	\$100,000	(\$410,000)
Opioid Stewardship Fund					
Director of Overdose, Prevention, and Response	\$163,931	\$84,422	(\$79,509)	\$176,739	\$12,808
Prescription Drug Monitoring Program (PDMP) Integration	135,000	-	(135,000)	-	(135,000)
Supervising Accountant (Programming Services Officer)	124,078	63,686	(60,392)	126,000	1,922
Support for the Task Force Work Group Community Co-Chairs	-	-	-	360,000	360,000
Total	\$423,009	\$148,108	(\$274,901)	\$662,739	\$239,730
Total	\$20,913,009	\$10,905,608	(\$10,007,401)	\$4,187,739	(\$16,725,270)

- Statewide Opioid Abatement Account (\$16.6 million):** The Budget provides \$3.4 million in Statewide Opioid Abatement, a.k.a. Distributors Settlement, funds in FY2024 and \$10.2 million in FY2023, a reduction of \$16.6 million and \$9.7 million respectively from the FY2023 Budget as Enacted. All of the funding was placed into an account in EOHHS in the enacted budget; however, as the funding priorities have been identified, the funds have been moved into different agencies and earmarked for specific programs. The programming of the Opioid Abatement Account is determined through formal recommendations from the Advisory Committee to the Secretary of EOHHS. The Distributors Settlement requires the establishment of an Advisory Committee to ensure that the State and participating municipalities have equal input into the distribution of the funds for approved purposes across the State. Distributions from the McKinsey Settlement Agreement will continue to be deposited into a separate account.
- McKinsey Opioid Settlement (\$410,000):** The Budget provides \$100,000 in McKinsey Opioid Settlement restricted receipts in FY2024, a reduction of \$410,000 from the FY2023 Budget as Enacted. In FY2023, \$450,000 was used for an interagency evidence-based communications campaign on polysubstance use, fentanyl risk, and harm reduction, and \$60,000 was used for the West Elmwood Health Equity Zone. In FY2024, \$100,000 in funds will be used to continue the evidence-based, Harm Reduction Campaign.

A Health Equity Zone (HEZ) is designed to organize people in specific neighborhoods to build healthy resilient communities. The West Elmwood (02907) HEZ encompasses the West End, Elmwood, South Elmwood, and Reservoir neighborhoods in Providence, as well as the western portion of the Upper South Providence neighborhood.

In February 2021, the Attorney General's office reached a settlement with McKinsey and Company, consultant to several opioid manufacturers including Purdue Pharma. Rhode Island has received \$2.6 million as part of the settlement for McKinsey's role in the opioid epidemic. The

funds must be used to address the impact of the opioid epidemic in the State through treatment, rescue, recovery, and prevention programs.

- **Opioid Stewardship Fund (\$239,730):** The Budget provides \$662,739 in restricted receipts from the Opioid Stewardship Fund within EOHHS in FY2024 and \$148,108 in FY2023, an increase of \$239,730 in FY2024 and a decrease of \$274,901 in FY2023 relative to the enacted level. In FY2024, the Budget provides \$360,000 in assistance and grants and \$302,739 in salaries and benefits to support 2.0 FTE positions. The reduction in FY2023 is due to the shift of \$135,000 into the Rhode Island Department of Health (RIDOH) for prescription drug monitoring and \$139,900 in turnover due to delays in filling the Director of Overdose Prevention and Response position, and an administrative position.

The FY2020 Budget as Enacted established an annual restricted, \$5.0 million Opioid Stewardship Fund requiring all licensed manufacturers, distributors, and wholesalers to contribute towards the fund through a registration fee. The registration fee is intended to encourage the monitoring of prescription opioids produced and distributed in Rhode Island and to provide accountability for the role that pharmaceuticals have had in the opioid crisis. Licensed manufacturers, distributors, and wholesalers are required to report the details of all opioids sold or distributed in the State to calculate their liability. Registration payments are due annually on December 31. The first payment was due by December 31, 2019, based on 2018 data.

The Opioid Stewardship Fund is only to be used for opioid addiction treatment, recovery, prevention, education services, and other related programs. The FY2023 Budget as Enacted transferred the management of the Opioid Stewardship Fund and the assessment of the registration fee to the Executive Office of Health and Human Services (EOHHS) from the Department of Health. According to the Office of Management and Budget, as the health and human services umbrella agency, EOHHS can better lead and coordinate the Opioid Stewardship Fund efforts.

Nursing Facility Penalty Reinvestment (restricted receipts): The Budget includes an additional \$300,000 in restricted receipts to increase the grant funding available through the civil monetary penalties that are levied against nursing homes that do not meet federal health and safety requirements. Through this program, civil monetary penalties (CMPs) are reinvested in the program to improve the quality of life for nursing facility residents. In FY2024, total funding of \$600,000 in restricted receipts is provided to support projects directly benefiting residents in nursing facilities and conducted by consumer advocacy groups, non-profit organizations, certified nursing facilities, resident or family councils, academic institutions, or professional nursing home associations.

MEDICAL ASSISTANCE

The Medical Assistance (Medicaid) program provides medical benefits to low-income, elderly, and disabled individuals. The State pays for a growing portion of Medicaid services through *managed care*, whereby the State contracts with managed care organizations (Neighborhood Health Plan of Rhode Island, Tufts Health Plan, and United Healthcare) and pays a fixed monthly fee, or capitation rate, for each enrolled beneficiary. A smaller portion of Medicaid services continue to be financed through *fee-for-service* arrangements, whereby providers bill the Medicaid program directly based on the specific services utilized.

Medical Assistance	General Revenue
FY2023 Enacted	\$1,147,404,580
<i>Target and Other Adjustments</i>	
Managed Care Directed Payments to Hospitals	88,293,020
May 2023 Caseload Estimating Conference	12,182,612
CCHBC Rates per FY2023 Law	6,850,227
Conflict Free Case Management	6,457,097
Advanced and Basic Life Support Ambulance Rates	2,256,890
Labor and Delivery Rates Correction	1,772,692
Increase Nursing Home Personal Needs Allowance	570,825
Hospitals - DSH Payment	(566,072)
Cedar Rate Increase	551,955
Sherlock Program - Ticket to Work Program	548,125
Equality in Abortion Coverage/Reproductive Justice	536,384
FY2024 Enacted	\$1,266,858,335

Managed Care Directed Payments to Hospitals **\$88.3 million**

The Budget includes an additional net \$38.5 million in general revenue and \$128.1 million in federal funds (\$166.6 million all funds) for changes in payments made to hospitals proposed in Article 9. In addition to setting the DSH payment limits for FY2024, resulting in a decrease of \$49.8 million in general revenue (\$121.3 million all funds), Article 9 authorizes EOHHS to establish a new hospital state directed care payment, with payments made on a quarterly basis, pending CMS approval, to promote systemic access and quality. To support the new managed care directed payments to hospitals, the Budget includes an increase of \$88.3 million in general revenue (\$287.9 million all funds).

May 2023 Caseload Estimating Conference **\$12.2 million**

Each November and May, the Caseload Estimating Conference (CEC) estimates expenditures for human services and medical entitlement programs for the current and budget year. These adopted expenditure levels determine the appropriations for the Governor's and Enacted Budgets. Projections are based on enrollment trends as well as inflation-based price adjustments.

May 2023 CEC	FY2023 Enacted		FY2024 May CEC		Change to Enacted	
	GR	AF	GR	AF	GR	AF
Hospitals - Regular	\$29,690,188	\$69,198,590	\$26,409,807	\$59,000,000	(\$3,280,381)	(\$10,198,590)
Hospitals - DSH	56,465,088	145,079,879	7,197,091	15,997,091	(\$49,267,997)	(\$129,082,788)
Nursing and Hospice Care	137,967,876	311,623,884	151,998,750	343,500,000	14,030,874	31,876,116
Home and Community Care	61,054,127	137,765,970	59,029,500	133,400,000	(2,024,627)	(4,365,970)
Managed Care	407,943,888	960,857,772	444,875,543	1,048,100,000	36,931,655	87,242,228
Rhody Health Partners	142,019,764	318,336,605	143,204,000	320,800,000	1,184,236	2,463,395
Rhody Health Options	79,093,617	178,628,398	76,862,250	173,700,000	(2,231,367)	(4,928,398)
Medicaid Expansion	90,608,631	860,432,687	89,211,750	821,200,000	(1,396,881)	(39,232,687)
Pharmacy	183,555	300,000	825,250	1,300,000	641,695	1,000,000
Clawback	87,100,000	87,100,000.00	95,700,000	95,700,000	8,600,000	8,600,000
Other Medical Services	55,277,846	160,510,717	64,273,250	171,400,000	8,995,404	10,889,283
Total	\$1,147,404,580	\$3,229,834,502	\$1,159,587,192	\$3,184,097,091	\$12,182,612	(\$45,737,411)

The May 2023 CEC projected increased general revenue expenditures of \$12.2 million in the medical assistance program in FY2024, relative to the FY2023 Budget as Enacted, and a decrease \$45.7 million all funds. The increase in general revenue is primarily a result of the assumed expiration of the enhanced FMAP, which provides an additional 6.2 percent in federal matching dollars for eligible services.

- **Enhanced Federal Match:** In March 2020, the federal government authorized a temporary 6.2 percentage point increase to the Federal Medical Assistance Percentage (FMAP) for the duration of the COVID-19 public health emergency. This reduced the State's share of Medicaid expenditures by shifting expenses to the federal government.

The November 2022 CEC estimates assumed that the Public Health Emergency (PHE) would continue through January 11, 2023, with the enhanced FMAP authorized through March 31, 2022. However, the Consolidated Appropriations Act (CAA), signed on December 29, 2022, provided for the gradual phase down of the enhanced FMAP and the end of the continuous enrollment condition in place during the PHE. Pursuant to the CAA, redetermination began in April 2023 with beneficiaries being disenrolled beginning in June 2023.

FMAP Enhanced Rates through Transition Period	
Through March 31, 2023	6.2 percentage points
April 1, 2023, thru June 30, 2023	5.0 percentage points
July 1, 2023, thru Sept 30, 2023	2.5 percentage points
Oct 1, 2023, thru Dec 31, 2023	1.5 percentage points
January 1, 2024	enhanced rate expires

Source: EOHHS testimony May 2023 CEC

- Disproportionate Share Hospital (DSH) Payments:** Article 9 authorizes the disbursement of Medicaid Disproportionate Share Hospital (DSH) payments to qualifying community hospitals in federal fiscal years (FFY) 2023 and 2024. Federal law requires that state Medicaid programs make DSH payments to qualifying community hospitals that serve a large number of Medicaid and uninsured patients. The DSH program subsidizes hospitals with high uncompensated care costs, which include certain expenses that are not covered by Medicaid or other sources. DSH payments are lump-sum disbursements issued each June and are subject to the applicable Federal Medical Assistance Percentage (FMAP) at the time of issuance. Funds are distributed in proportion to each hospital’s share of statewide uncompensated care

DSH Payment	FY2023 Enacted	FY2023 Final	Change from Enacted	FY2024 May CEC	FY2024 Enacted	Change from Enacted	Change from from CEC
General Revenue	\$56,465,088	\$63,480,363	\$7,015,275	\$7,197,091	\$6,631,019	(\$49,834,069)	(\$566,072)
Federal Funds	88,614,791	95,440,985	6,826,194	8,800,000	8,107,853	(80,506,938)	(692,147)
Total	\$145,079,879	\$158,921,348	\$13,841,469	\$15,997,091	\$14,738,872	(\$130,341,007)	(\$1,258,219)

Article 9 identifies the DSH aggregate limit for FFY2024 at \$14.8 million and requires payment on or before June 15, 2024, and authorizes the Executive Office of Health and Human Services (EOHHS) to amend the state plan for next year’s payment. The Budget includes \$14.7 million for DSH payments in FY2024, including \$6.6 million in general revenue and \$8.1 million in federal funds. In FY2023, the DSH payment was increased to \$158.9 million to maximize the increase in the federal allotment.

In addition, the base year for calculating the DSH payment is advanced one fiscal year, to allow for the FY2024 payment, and the uncompensated care index is set at 5.38 percent for FFY2024, which remains unchanged from the FFY2020 level. This section also authorizes EOHHS to submit a state plan amendment to identify the aggregate DSH limit for FFY2024 and update the distribution method.

In FY2024, federal DSH allotments are scheduled to be reduced by \$8.0 billion nationally. Rhode Island’s allotment is scheduled to be reduced by 90.0 percent, from \$87.9 million to \$8.8 million. The DSH program is intended to provide support to hospitals with a large percentage of uninsured patients. Based on a new distribution model intended to target funding toward uncompensated care, the DSH Health Reform Methodology (DHRH), the distribution of federal funds will be most reduced for states with higher insurance coverage rates, such as Rhode Island.

Analyst Note: On January 19, 2023, EOHHS notified the caseload conferees that the federal payment for FY2024 is \$8.4 million (\$15.3 million all funds).

- Other Changes:** The remaining general revenue expenditure changes reflect program enrollment and price trends. The conference typically includes price increases ranging from 2.5 to 3.5 percent to account for medical benefits inflation and statutory rate increases to hospitals, nursing homes, and home care providers. The impact of inflation is mitigated in the estimate by an expected reduction in Medicaid enrollment. The conference assumed that terminations would resume in April 2023 and continue into FY2024, contributing to large reductions in program caseloads.

The savings attributable to the Medicaid initiatives, described below, are calculated relative to the caseload estimate, rather than the Enacted Budget.

CCHBC Rates per FY2023 Law **\$6.9 million**

The Certified Community Behavioral Health Clinic (CCBHC) is expected to begin providing services in February 2024; consequently, the Budget provides \$6.9 million in general revenue, \$14.4 million in federal funds, and \$500,000 in restricted receipts (\$21.8 million in all funds) for this service. To administer the program, the Budget includes funding in Central Management, including \$324,692 in general revenue and \$324,692 in federal funds to support 1.0 FTE Senior Economic and Policy Analyst position (\$138,294 with half from federal funds), and contracted technical assistance (\$511,090 with half from federal funds) to support the costs of reporting and rate setting not funded out the State Fiscal Recovery Funds (SFRF) included for Certified Community Behavioral Health Clinics (CCHBC) in the FY2023 Budget as Enacted. Additional detail on the program is provided in the Central Management section of this analysis.

Conflict Free Case Management **\$6.5 million**

The Budget provides \$6.5 million in general revenue and \$7.9 million in federal funds (\$14.4 million total) to provide person-centered planning (PCP) and conflict-free case management (CFCM) to Medicaid beneficiaries who receive long-term services and supports (LTSS) in a home or community-based setting, as required by federal regulation. The initiative is expected to begin on January 1, 2024, with one exception. In order to comply with the ongoing consent decree, the Intellectually and Developmentally Disabled (IDD) population, the majority of the population impacted, will start in CY2023.

In March 2014, the CMS implemented a final rule requiring states to separate case management from service delivery to reduce conflicts of interest for services provided under home and community-based services (HCBS). Rhode Island is required to comply with this rule by March 17, 2023, or risk losing federal matching funds. As part of this initiative, EOHHS intends to define CFCM consistently across populations and programs to ensure equity in access and service.

The State has been under a consent decree with the United States Department of Justice (US DOJ) since 2014 for violating the Olmstead Decision of the Americans with Disabilities Act. The US DOJ, focusing specifically on sheltered workshops, concluded that the State’s services for individuals with developmental disabilities were not adequately integrated within the community.

Advanced and Basic Life Support Ambulance Rates **\$2.3 million**

The Budget includes an additional \$2.3 million in general revenue and \$2.8 million in federal funds to increase the Medicaid rates paid for advanced and basic life support ambulance services by an average of 130.0 percent. The current rates significantly understate the service costs, especially in more rural areas. The increase in funding will allow reimbursement rates at approximately 40.0 percent of those paid through Medicare.

Labor and Delivery Rates Correction **\$1.8 million**

The FY2023 Budget as Enacted included \$5.7 million in general revenue and \$8.8 million in federal funds to increase the rates paid for labor and delivery services through managed care plans to the level paid for fee-for-service; however, the estimated funds provided did not support the intent. The Budget includes an additional \$4.4 million, including \$1.8 million in general revenue and \$2.6 million in federal funds, to bring the rates closer to intent of the FY2023 Budget as Enacted.

Increase Nursing Home Personal Needs Allowance **\$570,825**

Article 9 increases the personal needs allowance (PNA) for nursing home residents from \$50 to \$75 per month. The Budget includes \$570,825 in general revenue and \$719,175 in federal funds (\$1.3 million total) to support this increase. The PNA allows nursing home residents to retain more of their

Personal Needs Allowance (February 2023)	
State	Amount
Connecticut	\$75.00
New Hampshire	74.00
Massachusetts	72.80
Vermont	72.66
Rhode Island	50.00
Maine	40.00

personal income. It is intended to cover expenses not provided by the nursing home, such as haircuts, vitamins, clothing, or snacks. Increasing the PNA brings Rhode Island more in line with neighboring states.

Hospital – DSH Payment **(\$566,072)**

Pursuant to a Governor’s budget amendment, dated May 24, 2023, the Budget reduces the disproportionate share payment to hospitals by \$566,072 in general revenue and \$692,147 in federal funds (\$1.3 million total) to reflect updated, estimated payments for FY2024 subsequent to the May Caseload Estimating Conference.

Cedar Rate Increase **\$551,955**

The Budget provides \$551,955 in general revenue and \$667,835 in federal funds (\$1.2 million total) to support a rate increase and adequate pay structure to support and expand the Cedar Family Centers. The Cedar Family Centers provide care management to help families of Children and Youth with Special Health Care Needs (CYSHCN) access support services, including those who are Medicaid eligible through the Katie Becket waiver. In May 2022, the State entered into a settlement agreement with the United States Department of Justice impacting members enrolled in Medicaid through the Katie Beckett waiver. This rate increase and restructure will support the needs of the settlement.

Cedar Family Services has not received a rate increase since 2016 and additional scope of work confirm that the current rate and payment structure is not adequate to ensure sustainability. Cedar Family Services was not part of the children’s therapeutic and respite services rate increase provided in the FY2023 budget as Enacted which ensured that direct care providers were paid at least \$15.00 per hour.

Sherlock Program - Ticket to Work Program **\$548,125**

Article 9 expands the Sherlock Program to allow individuals to go through the federal Ticket to Work program. The Ticket to Work Program helps social security disability beneficiaries, ages 18 through 64 who want to work, progress toward financial independence. There are no income or asset limits for eligibility in this program. The Budget includes \$1.2 million in all funds, including \$548,125 in general revenue, to support this expansion in FY2024.

Medicaid buy-in programs are designed to reduce out-of-pocket expenses for beneficiaries with modest income and assets. Under the original plan for disabled working adults, the participant had to

- Be at least 18 years old
- Have proof of active, paid employment
- Be permanently and totally disabled, except for ability to work, as required for Medicaid eligibility based on a disability
- Have countable earned net income no greater than 250% of the FPL. In CY2023, this is \$36,450 for a family of one, \$49,300 for a family of two, and \$75,000 for a family of four
- Have countable net assets no greater than \$10,000 for an individual or \$20,000 for a couple

The federal Ticket to Work and Work Incentives Improvement Act amended the Social Security Act in 1999 to allow states to set their own income eligibility limits or eliminated income and asset restrictions for buy-in programs for adults aged 18 to 64. Under the current Sherlock program, 637 beneficiaries were participating in the program as of May 8, 2023. 93 of these participants were over the age of 64, including 49 who were 70 years old and over, and would not qualify for the ticket to work program; however, they would continue to be eligible under the current program.

Equality in Abortion Coverage/Reproductive Justice **\$536,384**

2023-S-0032 expands the Reproductive Privacy Act of 2019 to individuals enrolled in Medicaid, ensuring Medicaid recipients have full access to termination of pregnancy services permitted under RIGL 23-4.130-2; however, federal funds may not be used to support such services unless authorized under federal law.

Currently, pursuant to the Hyde Amendment, federal funds can only be used in pregnancies resulting from rape, incest, or endangering the life of the pregnant individual.

The Budget includes \$536,384 in general revenue, to support the expansion of services to Medicaid beneficiaries. This estimate, from EOHHS, is based on 2021-2022 Medicaid claims and abortion data reported to the Centers for Disease Control and Prevention (CDC). The estimate is based on a projection of 978 procedures at a unit cost of \$548.

The estimated number of procedures is based on the 2020 Rhode Island abortion rate of 12.6 per 1,000 females aged 15-44 years, as reported by the CDC, and an estimated 77,651 eligible maternity-aged (15-44 years old) Medicaid enrollees. While acknowledging that the Medicaid population is not necessarily representative of the general population, the CDC does not stratify rates by insurance coverage. The estimate of maternity-aged females is from November caseload for FY2024.

The average cost of \$548 is based on the two most recent years of Rhode Island Medicaid claims (2021-2022). During this time, the number of claims ranged from 43 in FY2021 to 29 in FY2022, with an average cost per claim of \$437 and \$724, respectively. The total amount paid was \$18,779 in FY2021 and \$21,009 in FY2022. The cost per unit of \$548 is the weighted average of total amount paid over the two fiscal years divided by the total number of claims. This estimate reflects new general revenue spending to cover abortions for those insured by Medicaid.

Since this service must be provided from state funds only, implementation costs are needed to create a new procedure code in the MMIS. EOHHS estimates this will cost \$56,021 in general revenue. EOHHS cannot use federal funds on costs related to this initiative. This is based on an estimate of 450 hours at a rate of \$124.49 per hour. The Budget provides this one-time funding in the Central Management program of the EOHHS budget.

Department of Children, Youth, and Families

Expenditures by Program	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Final	Enacted	Final	Enacted		Enacted	Enacted	
Central Management	\$23.6	\$24.0	\$28.8	\$4.8	19.8%	\$49.5	\$25.5	106.2%
Children's Behavioral Health Services	13.6	30.1	28.3	(1.8)	-6.1%	17.5	-12.6	-42.0%
Child Welfare	207.5	237.1	238.6	1.6	0.7%	260.4	23.3	9.8%
Youth Development Services	20.1	23.1	22.7	(0.4)	-1.6%	38.8	15.7	67.9%
Higher Education Incentive Grants	0.0	0.2	0.2	-	0%	0.2	0.0	0.0%
Total	\$264.9	\$314.5	\$318.6	\$4.1	1.3%	\$366.4	\$51.9	16.5%

Expenditures by Source								
General Revenue	\$171.7	\$206.6	\$204.3	(\$2.3)	-1.1%	\$217.3	\$10.7	5.2%
Federal Funds	91.8	105.1	112.6	7.5	7.1%	132.4	27.2	25.9%
Restricted Receipts	1.3	1.8	1.5	(0.3)	-15.4%	1.5	(0.3)	-16.5%
Other Funds	0.1	1.0	0.3	0.0	0.6%	15.3	14.3	1425.0%
Total	\$264.9	\$314.5	\$318.6	\$4.1	1.3%	\$366.4	\$51.9	16.5%

Authorized FTE Levels	702.5	702.5	702.5	-	-	705.5	3.0	0.4%
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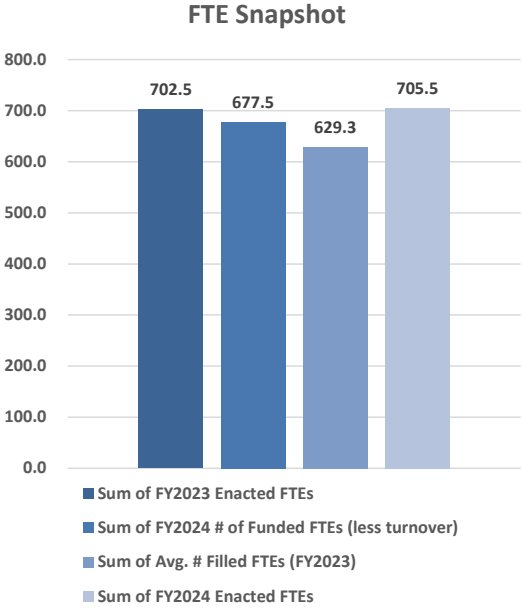
\$ in millions. Totals may vary due to rounding.

The Department of Children, Youth, and Families (DCYF) is charged with implementing a statewide network of supports to protect vulnerable children and families. The Department develops, oversees, and evaluates programs which provide opportunities for children to reach their full potential. DCYF has three major operational divisions: Children’s Behavioral Health Services, Child Welfare (including child protective services, family services, and permanency supports), and Youth Development Services (formerly Juvenile Correctional Services, which includes the Rhode Island Training School and juvenile probation). The Department supports an average of 3,400 children and their families, and indirectly serves thousands more through community-based programs.

MAJOR ISSUES AND TRENDS

The Budget includes \$366.4 million in all funds for the Department of Children, Youth, and Families (DCYF). This includes \$217.3 million in general revenue, \$132.4 million in federal funds, \$1.5 million in restricted receipts, and \$15.3 million in other funds. General revenue funding increases by \$10.7 million, or 5.2 percent, relative to the FY2023 Budget as Enacted. Federal funding increases by \$27.2 million, due primarily to increased costs for the RICHIST replacement project and the extension of the provider workforce stabilization payments into FY2024. Other funds expenditures increase by \$14.3 million due to the start of capital funding for the Psychiatric Residential Treatment Facility project.

The Budget also provides an additional 3.0 Juvenile Program Worker FTE positions within the Rhode Island Training School (RITS), increasing the Department’s total authorization to 705.5 FTEs. The Budget includes funding for approximately 677.5 of the 705.5 positions authorized for FY2024, or 96.0 percent. As of January 28, 2023, the Department had 634.0 FTE positions filled (90.3 percent).



Accreditation

In light of ongoing challenges at the Department, the 2019 General Assembly required that DCYF seek accreditation from the national Council on Accreditation (COA) in order to ascertain how its operations compare to national standards and identify areas for improvement. Article 13 of the FY2020 Budget as Enacted amended RIGL 42-72-5.3 to require that the Department initiate the application process by September 1, 2019, with a final accreditation plan due by October 1, 2020, to inform the Governor and the General Assembly regarding necessary organizational changes to obtain and maintain accreditation along with the resources needed in order to do so.

The Department engaged with COA in September 2019 and submitted its accreditation plan on October 1, 2020. The plan analyses the Department's alignment with 59 COA standards and establishes a timeline and process to implement policy, practice, programmatic, and operations changes needed to reach accreditation. The analysis is limited to the Department's child welfare and behavioral health standards and does not include benchmarks for the juvenile justice population, which is reviewed separately by the Annie E. Casey Foundation.

The analysis found that many of the Department's practice models, screening tools, risk assessments, and service planning already comport with many COA standards. The report recommended replacing the Department's case management information system, known as RICHIST.

The report also highlighted that staffing is the primary structural barrier to accreditation. Specifically, it identified the Department's need for an additional 34.0 Child Protective Investigators, 7.0 Child Protective Supervisors, 24.0 Social Case Workers, and 5.0 Casework Supervisors to satisfy COA per-worker caseload standards in the Child Protective Services and Family Services units. In addition, the report identified the need for 2.0 FTEs to notify kin of a DCYF placement, 1.0 FTE to monitor assessments of adolescent life skills development, 10.0 FTEs to enhance clinical capacity for behavioral health services, 5.0 FTEs for a permanent unit to manage accreditation and ongoing reform activities, and 3.0 additional staff to support continuous data monitoring and staff training and development functions at DCYF. The additional 91.0 FTE positions and pay incentives would require a sustained investment of approximately \$10.8 million from all funds per year. The report also recommends an additional \$300,000 to boost efforts to recruit resource families and \$291,851 for fixed expenditures to maintain support from COA, including site visits and application fees.

The report recommends a "Prioritized Practice" approach for the Department, occurring over a four-year period, where the Department completes a self-study and gradually demonstrates alignment with COA standards. The timeline is "contingent upon the approval and appropriation by the Governor and the General Assembly of sufficient and sustained funding necessary for the Department to achieve COA accreditation". Accordingly, the FY2022 Budget as Enacted authorized and funded the 91.0 FTE positions and incidental operating costs identified in the COA report. The Budget also provides a financing mechanism to replace the RICHIST system. These investments provide the necessary support for the Department to continue its progress towards accreditation.

Accreditation Update: The Department completed its COA-related hiring plans and continues its focus on backfilling existing vacancies, with an emphasis on frontline positions, in order to reach COA standards for caseload. COA standards require a caseload of fewer than 12 families for Family Service Unit (FSU) caseworkers and no more than 8 new investigations per month for Child Protective Investigators (CPIs). As of February 20, 2023, the caseload for the average FSU caseworker was 15.4 families and the average CPI received a median of 11 new investigations per month. As of September 2022, the Department has entered the self-study phase of the accreditation plan, excluding the FSU which is still in the analysis-phase. The Department anticipates completion of the self-study phase by December 18, 2023, and expects to achieve accreditation by summer of 2024, which would represent an on-time completion of the project.

RICHIST Replacement

The FY2021 Revised Budget transferred \$17.0 million to the Information Technology Investment Fund (ITIF) to provide upfront capital to fund the 60.0 percent State share of the costs to replace RICHIST, the Department’s case management information system replacement, over a three-year period. RICHIST was developed in 1998 and serves as a registry for all confidential case, financial, provider, and staff management information. RICHIST also generates the caseload and financial data which the Department reports to the Governor, General Assembly, and federal government. While Rhode Island was a national leader when RICHIST was first developed, it now relies on antiquated technology that has not adapted well to changes over the last 23 years. The existing system will be maintained as portions of the new system are developed and phased in, with a full transition occurring when all components of the new system are sufficiently tested. The project was initially scheduled to take place from FY2022 to FY2024, but the FY2023 Budget as Enacted included an adjusted schedule stretching the project into FY2025 due to project delays. The RICHIST project technically appears under the Department of Administration budget.

RICHIST Replacement Update: The Planning Vendor for the project began in August 2022, resulting in no funds expended in FY2022. The schedule included in the FY2024 Budget removes all funding from FY2022 and additionally stretches the project into FY2026 to represent those additional delays. An updated implementation date factoring in these delays has not yet been identified but is estimated to be approximately one-year following the approval of the planning document and RFPs for implementation, which were submitted for review on May 28th, 2023.

Children’s Rights Settlement

In January 2018, the State and DCYF settled a long-standing class action lawsuit. The lawsuit, initially filed in 2007, demanded systemic reforms to the State’s child welfare system and cited deficiencies throughout DCYF, including excessive caseworker assignments and an inappropriate residential service array. The settlement outlined a number of new screening and reporting requirements to be met by the Department and overseen by the Office of the Child Advocate. The Department continues to monitor these benchmarks and provides monthly reports pursuant to the Settlement. The Budget contains \$138,000 in annual general revenue funding within the Child Welfare program for a data validator for this purpose.

CENTRAL MANAGEMENT

The Central Management program includes the Office of the Director and Support Services. Central Management functions are primarily administrative and strive to improve policies and maximize operational efficiency. These functions provide coordination and oversight, fiscal management, accountability supports, facility management, legal services, and youth development services.

Central Management	General Revenue
FY2023 Enacted	\$14,033,990
<i>Target and Other Adjustments</i>	<i>454,994</i>
Salary and Benefit Adjustments	629,335
Centralized Services (statewide adjustment)	(423,582)
Council on Accreditation FTEs	273,584
FY2024 Enacted	\$14,968,321

Central Management	Other Fund Changes
RICHIST replacement (federal funds)	\$20,430,427
DCYF Provider Workforce Stabilization (federal funds)	5,420,766
Foster Home Lead Abatement and Fire Safety (federal funds)	(1,125,000)

Salary and Benefit Adjustments **\$629,335**

The Budget increases general revenues by \$629,335 related to salary and benefit adjustments within the program. Due to the timeframe of their hiring, many Council on Accreditation positions will reach the 6- and 18-month employment marks during FY2024, both of which come with step increases in wages. These increases, along with cabinet director and statewide benefit adjustments, are represented in this change.

Council on Accreditation FTEs **\$273,584**

The Budget increases general revenues by \$273,584 to accommodate the hiring of 3.0 FTE positions to support the Department’s ongoing effort to achieve accreditation by the national Council on Accreditation (COA). The Department’s FY2024 Budget request included a request for 3.0 FTEs, including 1.0 Casework Supervisor II, 1.0 Program Services Officer, and 1.0 Contract Compliance Officer. As part of the accreditation process, each division within the Department must meet COA standards. The 3.0 requested positions are targeted to assist Central Management in meeting their set of COA standards. The positions will be filled from within the existing agency FTE authorization.

RICHIST replacement (federal funds) **\$20.4 million**

The Budget includes \$21.4 million in federal funding, a \$20.4 million increase over FY2023, to finance the costs to replace RICHIST, the Department’s case management information system. The Budget also includes \$14.9 million in restricted receipt expenditures in FY2024 for this purpose within the Department of Administration (DOA) to draw funds from the Information Technology Investment Fund (ITIF), which is housed in DOA. The upgrade was initially planned to take approximately three years and \$28.0 million from all funds, with the costs shared 60/40 between the State and federal government as follows:

RICHIST Replacement	FY2022	FY2023	FY2024	Total
State Funds - ITIF	\$2,000,000	\$10,000,000	\$5,000,000	\$17,000,000
Federal Funds	1,300,000	6,500,000	3,200,000	11,000,000
Total	\$3,300,000	\$16,500,000	\$8,200,000	\$28,000,000

The project was initially intended to begin in FY2022, however, the vendor did not begin until August 2022, so no funds were expended in FY2022. The FY2024 Budget adjusts the funding schedule and stretches the project through FY2026 to reflect the project delays as well as an increase in the project cost as follows:

RICHIST Replacement - Revised Schedule	Pre-FY2023	FY2023	FY2024	FY2025	FY2026	Total
State Funds - ITIF	-	\$750,000	\$14,850,000	\$4,800,000	\$3,600,000	\$24,000,000
Federal Funds	-	750,000	21,350,427	3,200,000	2,400,000	27,700,427
Total	-	\$1,500,000	\$36,200,427	\$8,000,000	\$6,000,000	\$51,700,427

The FY2021 Revised Budget transferred \$17.0 million to the ITIF to provide upfront capital to fund the 60.0 percent State share of the system replacement over the three-year period. The Governor proposed issuing debt, in the form of certificates of participation (COPs), which would have accrued \$2.7 million in interest over ten years; instead, the Budget used one-time general revenues to provide interest-free financing.

RICHIST was developed in 1998 and serves as a registry for all confidential case, financial, provider, and staff management information. RICHIST also generates the caseload and financial data which the Department reports to the Governor, General Assembly, and federal government. While Rhode Island was a national leader when RICHIST was first developed, it now relies on antiquated technology that has not adapted well to changes over the last 23 years. Most significantly, the existing RICHIST system does not enable easy mobility for staff in the field which inhibits the Department’s ability to operate efficiently.

The new system would be a modular system that enables data analytics and reporting, allows easy access to real-time information when making important decisions for children and families, and simplifies the

system's mobile interface. The federal government encourages use of modular systems because they are more comprehensive and flexible, and enhance the ability to navigate case information and incorporate data analytics into child welfare practice. Modern systems are also more dynamic, allowing child welfare agencies to respond more adeptly to frequent changes in standards and practices. The Budget assumes the use of Custom-Off-the-Shelf (COTS) software package which can be adapted from interfaces being used in other states, as opposed to custom-building a solution from scratch. The existing system will be maintained as portions of the new system are developed and phased in, with a full transition occurring when all components of the new system are sufficiently tested.

ARPA SFRF: DCYF Provider Workforce Stabilization (federal funds)

\$5.4 million

The Budget includes \$7.9 million in ARPA SFRF funds to support continued wage stabilization payments which were initially intended to end in FY2023, a \$5.4 million increase as compared to the FY2023 Budget as Enacted. This initiative provided \$12.5 million in FY2022 and \$2.5 million in FY2023 for a total of \$15.0 million to support workforce stabilization supplemental wage payments up to seven hundred dollars (\$700) monthly to eligible direct care and supporting care staff of contracted service providers. As of May 12, 2023, the program has expended \$6.8 million in FY2022 and \$5.7 million in FY2023, and the providers have reported a net gain of 127 staff through March 31, 2023. While funding was not initially intended to continue into FY2024, the Budget adds \$7.9 million in ARPA SFRF funds to continue the payments. The additional round of funding includes proviso language clarifying that the funds will remain available only until a contracted service provider's new contract takes effect. This brings total SFRF funding for this initiative from FY2022-FY2024 to \$22.9 million.

ARPA SFRF: Foster Home Lead Abatement and Fire Safety (federal funds)

(\$1.1 million)

The Budget recommends \$375,000 in federal American Rescue Plan Act (ARPA) funds to provide financial assistance to foster families for costs related to lead remediation and fire safety. Rhode Island has lead remediation and fire code standards for placement of youth in foster care settings. When an otherwise-qualified foster family is denied placement due to a failure to meet lead and/or fire code standards, youth are placed in higher-cost congregate care settings. The FY2023 Budget as Enacted includes federal ARPA funds in the amount of \$1.5 million in FY2023 and \$375,000 in FY2024 to fund upgrades to potential foster homes to meet lead and/or fire code standards. The FY2024 Budget includes the \$375,000 in ARPA funds, representing a \$1.1 million decrease as compared to the FY2023 Budget as Enacted.

CHILDREN'S BEHAVIORAL HEALTH SERVICES

The Children's Behavioral Health Services program designs, implements, and monitors a statewide system of care for children and youth requiring mental health services, including those children who are involved with the Department due to abuse, neglect, or delinquency. The Department seeks to support all children and youth with developmental disabilities or emotional disturbances in the least restrictive settings possible.

Children's Behavioral Health Services	General Revenue
FY2023 Enacted	\$8,684,693
<i>Target and Other Adjustments</i>	
Placement and Community-Based Provider Rate Increase	(232,672)
Caseload Adjustment	374,414
FMAP Adjustment	(123,821)
FY2024 Enacted	11,554
	\$8,714,168
Children's Behavioral Health Services	Other Fund Changes
Psychiatric Residential Treatment Facility (federal funds)	(\$12,000,000)

Placement and Community-Based Provider Rate Increase**\$374,414**

The Budget includes an increase of \$374,414 from general revenues (\$848,194 all funds) for an expected rate increase resulting from the upcoming expiration of provider contracts. The Department's existing contracts with foster and congregate care placement and community-based providers expire on July 1, 2023. Provider agencies have not received a contract increase since 2016, and many existing contracts were negotiated using an hourly rate of less than \$16 per hour. Providers received a temporary rate increase of 14.0 percent in the FY2023 Budget as Enacted. Although the exact impact of the procurement process is not known ahead of time, DCYF anticipates that the new contracts will include rates above the enacted 14.0 percent increase and used an increase of 12.0 percent on top of the 14.0 percent temporary increase to estimate FY2024 expenditures. The \$374,414 increase in Children's Behavioral Health Services represents the program's proportional increase to their budgetary authority to absorb these anticipated rate changes as new contracts for approximately 120 facilities and approximately 40 providers are procured across the Department. The new rates, once decided, will take effect July 1, 2023.

Caseload Adjustment**(\$123,821)**

The Budget decreases general revenues by \$123,821 to reflect estimated savings as a result of updated caseload projections in the Department for FY2024. The Budget decreases caseload expenditures Department wide in FY2024, a total reduction of \$5.0 million in all funds. While the majority of this reduction takes place in the Child Welfare program, a small portion of caseload expenditures are located within the Children's Behavioral Health Services and Youth Development Services programs. The reduction within Children's Behavioral Health Services is related to residential placement and direct bill Medicaid savings.

FMAP Adjustment**\$11,554**

The Budget includes a net increase of \$11,554 in general revenue to reflect the phase down of the enhanced federal medical assistance percentage (FMAP) through the first two quarters of FY2024 as included in the Consolidated Appropriations Act (CAA) of 2023. There is a corresponding decrease in federal funds.

Psychiatric Residential Treatment Facility (federal funds)**(\$12.0 million)**

The FY2023 Budget as Enacted included \$12.0 million in federal ARPA SFRF funds to expand existing in-state capacity at private facilities as well as the initial design of a new qualified psychiatric residential treatment facility (PRTF). Although the project is ongoing, current funding is entirely within general revenues and Rhode Island Capital Plan Funds (RICAP). The ARPA SFRF allocation was for FY2023 only, and therefore the FY2024 Budget includes a \$12.0 million reduction as compared to the FY2023 Budget as Enacted.

The PRTF project consists of the expansion of a current psychiatric residential facility as well as the construction of a new step-down facility, both of which will help increase state capacity to house female youth with severe behavioral health challenges. A current shortage of available, in-state, residential facilities for these youth results in, on average, approximately 25 to 30 female youth being placed out of state at any given time.

The FY2023 Budget included \$12.0 million in ARPA SFRF funds for FY2023, as well as \$15.0 million per year in RICAP funds from FY2024 through FY2026, for a total of \$45.0 million in RICAP funds. Of the \$12.0 million in ARPA SFRF funds, \$11.0 million is allocated for the expansion of a current psychiatric residential facility and \$1.0 million is allocated for the initial stage of the design and construction of a new step-down facility. The Department announced a signed agreement for the expansion of services with St. Mary's Home for Children, the only existing licensed PRTF in the State, on February 9, 2023. The expansion will consist of the construction and operation of an additional 12-bed facility on the St. Mary's Campus in North Providence, bringing their total capacity to 26. While the FY2023 Budget as Enacted anticipated a project completion date of June 2024, the new timeline anticipates that the facility will be completed in November 2024, with the anticipated start of operations in spring of 2025. The new step-down

facility project remains in the planning phase, with construction estimated to begin in FY2024 and project completion anticipated in FY2026.

CHILD WELFARE

The Child Welfare division has two major sub-programs:

- **Child Protective Services (CPS):** CPS reviews and responds to reports of child abuse and neglect. CPS staff includes child protective investigators who specialize in the investigation of these reports. If a child is deemed to be at imminent risk of harm, they may be removed from the home and placed in State care for up to 48 hours, pending petitions before the Rhode Island Family Court.
- **Family Services Unit (FSU):** Staff members within Family Services provide ongoing social services and case management to children and families who become involved with DCYF due to abuse, neglect, substance abuse, or behavioral health issues.

The Child Welfare Program includes out-of-home placements such as foster and congregate care. Foster care settings include kinship and non-kinship placements as well as private agency homes. Congregate care settings encompass residential treatment facilities, group homes, semi-independent living, and independent living. Child Welfare also includes the Permanency Services Unit, which oversees the administration of the adoption and guardianship subsidy program for children and youth in permanent placements.

The Budget includes \$260.4 million from all funds to support Child Welfare. This is \$23.3 million more from all funds compared to the FY2023 Budget as Enacted level of \$237.1 million. Actual all funds expenditures were \$207.5 million in FY2022.

Child Welfare	General Revenue
FY2023 Enacted	\$161,584,128
<i>Target and Other Adjustments</i>	<i>2,213,768</i>
Foster Care Stipend Increases	3,914,192
Placement and Community-Based Provider Rate Increase	3,261,376
Caseload Adjustment	(2,831,108)
Temporary Housing Payments	1,849,753
Workload Study FTEs	135,459
FMAP Adjustment	56,550
DHS CEC Adopted Adjustment	17,662
FY2024 Enacted	\$170,201,780

Foster Care Stipend Increases

\$3.9 million

The Department increases general revenues by \$3.9 million to account for increases in stipends for foster families. The Department is obligated under the Children’s Rights Lawsuit settlement to reassess Foster Care rates every three years, and to request additional appropriations from the General Assembly to increase base rates based upon the results of the reassessment. The increase considers the following elements: food, clothing, shelter, daily supervision, school supplies, personal incidentals, liability insurance with respect to a child, reasonable travel to the child’s home for visitation, and reasonable travel for the child to remain in the school in which the child is enrolled at the time of placement.

Foster Care Stipend Increases		
Age Bracket	Old Rate	New Rate
0-3 years		
Tier 1	\$24.00	\$28.32
Tier 2	\$24.00	\$28.32
Tier 3	\$45.00	\$54.00
Tier 4	\$55.00	\$65.00
Tier 5	\$65.00	\$77.00
Medical	\$75.00	\$89.00
4-11 years		
Tier 1	\$27.00	\$31.86
Tier 2	\$27.00	\$31.86
Tier 3	\$45.00	\$54.00
Tier 4	\$55.00	\$65.00
Tier 5	\$65.00	\$77.00
Medical	\$75.00	\$89.00
12+ years		
Tier 1	\$28.00	\$33.04
Tier 2	\$28.00	\$33.04
Tier 3	\$45.00	\$54.00
Tier 4	\$55.00	\$65.00
Tier 5	\$65.00	\$77.00
Medical	\$75.00	\$89.00

Placement and Community-Based Provider Rate Increase \$3.3 million

The Budget includes an increase of \$3.3 million from general revenues (\$6.9 million all funds) for an expected rate increase resulting from the upcoming expiration of provider contracts. The Department’s existing contracts with foster and congregate care placement and community-based providers expire on July 1, 2023. Provider agencies have not received a contract increase since 2016, and many existing contracts were negotiated using an hourly rate of less than \$16 per hour. Providers received a temporary rate increase of 14.0 percent in the FY2023 Budget as Enacted. Although the exact impact of the procurement process is not known ahead of time, DCYF anticipates that the new contracts will include rates above the enacted 14.0 percent increase and used an increase of 12.0 percent on top of the 14.0 temporary increase to estimate FY2024 expenditures. The \$3.3 million increase in Child Welfare represents the program’s proportional increase to their budgetary authority to absorb these anticipated rate changes as new contracts for approximately 120 facilities and approximately 40 providers are procured across the Department. The new rates, once decided, will take effect July 1, 2023.

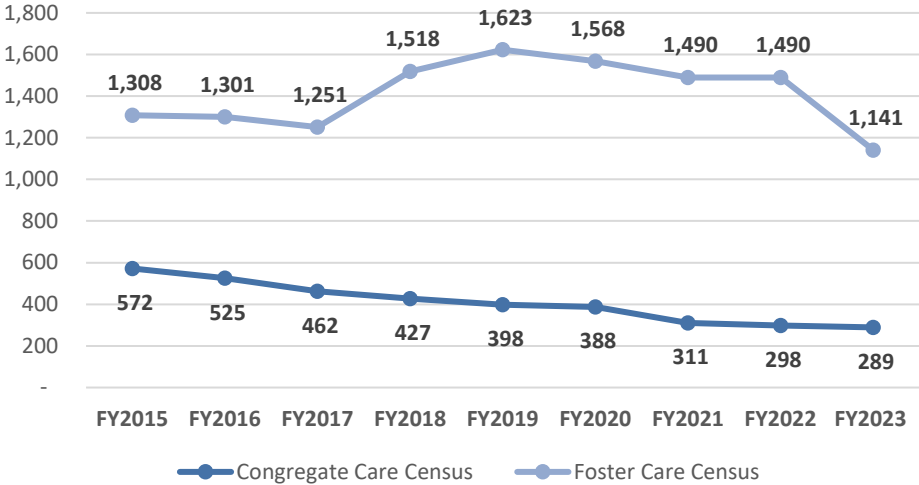
Caseload Adjustment

(\$2.8 million)

The Budget estimates \$2.8 million in general revenue savings (\$4.6 million all funds) in the Child Welfare department to reflect the updated caseload projections for the Department in FY2024. The Budget decreases caseload expenditures Department wide in FY2024, a total reduction of \$5.0 million in all funds, with the largest portion of the adjustments taking place within Child Welfare.

The majority of expenditures in the Child Welfare program are caseload-driven and funded through the assistance and grants category. Funding includes per-diem reimbursement for foster families, private agency foster care, group homes, and residential treatment centers as well as subsidies for youth who have been adopted or are placed under a guardianship arrangement. Since on the onset of the COVID-19 pandemic, the Department has experienced significantly fewer child abuse and neglect reports and investigations, with a corresponding reduction in the number of children entering State care. The average number of Child Protective Services (CPS) reports has declined from a pre-COVID average of 1,700 to 1,800 a month to an average below 1,300 in the first half of FY2023. There was also a 12.5 percent reduction in out-of-home placements from a pre-COVID average of 2,000 to an average of approximately 1,750 in FY2022. While caseloads remain relatively low, the Department continues to anticipate increases as more children return to day care, school, and other in-person activities and more incidents are reported.

Out of Home Placements



Temporary Housing Payments **\$1.8 million**

The Budget includes \$2.5 million in general revenues for costs associated with temporary housing placements for homeless families, a \$1.8 million increase as compared to the FY2023 Budget as Enacted. The Family Court has authority to require the Department to provide emergency housing for families, which most often takes the form of a hotel. The increase represents adjustments in hotel rates and an increasing population of families that require temporary housing. Currently, the Department is housing approximately 30 homeless families in hotels, at a cost of approximately \$200,000 per month.

Workload Study FTEs **\$135,459**

The Budget includes \$135,459 in general revenues to fund 2.0 FTE additional frontline Child Support Technicians in order to meet workload study standards. The Department was required to complete a workload study with an outside consultant in accordance with the Children’s Rights Lawsuit. Per the results of that study, it is recommended that the Department hire 2.0 additional Child Support Technicians to reduce current caseloads and ensure adequate staffing. These positions are recommended to be funded within the Department’s current FTE authorization.

FMAP Adjustment **\$56,550**

The Budget includes a net increase of \$56,550 in general revenue to reflect the phase down of the enhanced federal medical assistance percentage (FMAP) through the first two quarters of FY2024 as included in the Consolidated Appropriations Act (CAA) of 2023. There is a corresponding decrease in federal funds.

DHS CEC Adopted Adjustment **\$17,662**

The Budget includes an increase of \$17,662 in general revenue (\$51,073 all funds) for the adjusted estimate of Department of Human Services child care recipients in Department of Children, Youth, and Families programs. These estimates align with the Child Care Assistance Program caseload adopted at the November 2022 Caseload Estimating Conference.

YOUTH DEVELOPMENT SERVICES

The Youth Development Services division (formerly Juvenile Correctional Services) includes two major sub-programs:

- **Rhode Island Training School (RITS):** The RITS is a secure correctional facility for adjudicated juvenile offenders as well as those who are detained and awaiting trial. The facility has a maximum capacity of

148, with 124 beds for male residents and 24 beds for female residents. The Training School is a 24-hour, 365-day operation providing housing, food, clothing, medical care, education, vocational training, and other programs and services to meet the needs of its residents.

- **Juvenile Probation and Parole:** Juvenile Probation supervises all formerly adjudicated youth placed on probation by the Family Court. Each youth is evaluated to determine their risk for recidivism. Staff members then create and enforce individualized plans to address the factors which contribute to delinquent behavior in order to prevent recidivism.

Youth Development Services	General Revenue
FY2023 Enacted	\$22,098,188
<hr/>	
<i>Target and Other Adjustments</i>	<i>88,204</i>
Institutional Support Services	652,589
Rhode Island Training School FTEs (3.0 FTE positions)	286,941
Caseload Adjustment	(28,336)
UNAP Contract Adjustment (statewide adjustment)	57,169
Centralized Service Charges (statewide adjustment)	23,722
FY2024 Enacted	\$23,178,477

Institutional Support Services

\$652,589

The Budget includes an increase of \$652,589 in general revenues for institutional support services at the Rhode Island Training School (RITS). This increase corresponds to an increase in the census at RITS, which has grown to an average 44 youth in the first half of FY2023 as compared to the FY2022 average of 36. The Department anticipates that the RITS population will continue to grow, resulting in higher costs related to legal services, maintenance and repair, and food and clothing for the youths.

Rhode Island Training School FTEs (3.0 FTE positions)

\$286,941

The Budget includes an increase of \$286,941 from general revenues for 3.0 new Juvenile Program Worker FTE positions within the Rhode Island Training School (RITS). The Department has experienced an increase in the census at RITS, with an average of 44 youth in the first half of FY2023 as compared to the FY2022 average of 36. Increases in the daily population of male youth in particular have resulted in the Department's need to open a fourth module to accommodate male youth and meet the single occupancy standards as required by the PREA (Prison Rape Elimination Act). Current staffing authorizations for RITS are based on staffing one male module for sentenced youth, one male module for detention youth, and one female module. With current indications that the RITS census will continue to increase and the fourth module will continue to be necessary to house overflow male youth, additional Juvenile Program Workers are needed to meet adequate staffing levels. The Budget provides \$286,941 in funding for the 3.0 new FTE positions, as well as an increase in the Department's FTE authorization.

Caseload Adjustment

(\$28,336)

The Budget estimates \$28,336 in general revenue savings (\$34,558 all funds) in the Youth Development Services program to reflect the updated caseload projections for the Department in FY2024. The Budget decreases caseload expenditures Department wide in FY2024, a total reduction of \$5.0 million in all funds. While the majority of this reduction takes place in the Child Welfare program, a small portion of caseload expenditures are located within the Children's Behavioral Health and Youth Development Services programs. The reduction in Youth Development Services is largely attributable to savings in institutional support services.

HIGHER EDUCATION INCENTIVE GRANTS

The Higher Education Incentive Grant Program provides tuition assistance for former foster youth to attend a wide range of post-secondary institutions. The program is funded by State higher education incentive

grants and federal Education and Training Vouchers (ETVs). General revenue funding for the incentive program is set by statute at \$200,000 per year. DCYF coordinates with the Office of the Post-Secondary Education Commissioner’s Division of Higher Education Assistance (DHEA) to administer this grant program and provide tuition assistance to between 50 and 75 former foster youth each year. DHEA provides information regarding cost of attendance and financial aid for each applicant to the program. This allows DCYF to ensure that funding is distributed equitably across participants.

Higher Education Incentive Grants	General Revenue
FY2023 Enacted	\$200,000
FY2024 Enacted	\$200,000

CAPITAL PROJECTS

The Budget includes a total of \$47.3 million in Rhode Island Capital Plan (RICAP) funds from FY2023 through FY2028, including \$1.0 million in FY2023 and \$15.3 million in FY2024. Projects include:

- **Psychiatric Residential Treatment Facility:** The Budget includes \$15.0 million in FY2024 and \$15.0 million per year in FY2025 and FY2026 for the construction of a psychiatric residential treatment facility (PRTF) for female youth in Rhode Island.

The PRTF project consists of the expansion of a current psychiatric residential facility as well as the construction of a new step-down facility, both of which will help increase state capacity to house female youth with severe behavioral health challenges. A current shortage of available, in-state, residential facilities for these youth results in on average approximately 25 to 30 female youth being placed out of state at any given time.

The FY2023 Budget includes \$12.0 million in ARPA SFRF funds for FY2023, as well as \$15.0 million per year in RICAP funds from FY2024 through FY2026, for a total of \$45.0 million in RICAP funds. Of the \$12.0 million in ARPA SFRF funds, \$11.0 million is allocated for the expansion of a current psychiatric residential facility and \$1.0 million is allocated for the initial stage of the design and construction of a new step-down facility. The Department announced a signed agreement for an expansion of services with St. Mary’s Home for Children, the only existing licensed PRTF in the State, on February 9, 2023. The expansion will consist of the construction and operation of an additional 12-bed facility on the St. Mary’s Campus in North Providence, bringing their total capacity to 26. While the FY2023 Budget as Enacted anticipated a project completion date of June 2024, the new timeline anticipates that the facility will be completed in November 2024, with the anticipated start of operations in spring of 2025. The new step-down facility project is in the planning phase, with construction estimated to begin in FY2024 and project completion anticipated in FY2026.

- **Training School Asset Protection:** The Budget funds improvements and ongoing maintenance at the Training School, including resolving leaks and other structural issues. The Budget includes \$250,000 in FY2024 and \$250,000 per year in FY2025 through FY2027 related to ongoing maintenance projects, as well as \$255,000 in FY2028.

Department of Health

Expenditures by Program	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actuals	Enacted	Revised	Enacted		Enacted	Enacted	
Central Management	\$24.4	\$33.5	\$34.9	\$1.4	4.2%	\$28.5	(\$5.0)	-15.0%
Community Health and Equity	110.2	128.3	127.7	(0.6)	-0.5%	124.1	(4.1)	-3.2%
COVID-19	288.2	131.1	128.4	(2.8)	-2.1%	93.5	(37.7)	-28.7%
Customer Services	16.5	18.6	21.9	3.3	17.5%	20.2	1.6	8.4%
Environmental Health	14.4	15.6	16.2	0.6	3.9%	18.2	2.6	16.7%
Health Laboratories and Medical Examiner	14.4	14.1	16.5	2.4	16.9%	15.8	1.7	12.0%
Policy Information and Communications	4.3	5.1	5.0	(0.1)	-1.6%	5.3	0.2	4.0%
Preparedness, Response, Infectious Diseases, and Emergency Medical Services	19.0	27.0	26.6	(0.4)	-1.5%	22.0	(5.0)	-18.5%
Total	\$491.4	\$373.4	\$377.2	\$3.8	1.0%	\$327.6	(\$45.8)	-12.3%

Expenditures by Source	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actuals	Enacted	Revised	Enacted		Enacted	Enacted	
General Revenue	\$248.1	\$32.9	\$34.0	\$1.1	3.4%	\$35.7	\$2.8	8.5%
Federal Funds	182.4	266.1	265.8	(0.3)	-0.1%	225.1	(41.0)	-15.4%
Restricted Receipts	60.4	74.0	76.8	2.8	3.8%	66.5	(7.5)	-10.2%
Other Funds	0.4	0.4	0.6	0.2	44.0%	0.4	-	0.0%
Total	\$491.4	\$373.4	\$377.2	\$3.8	1.0%	\$327.6	(\$45.8)	-12.3%

Authorized FTE Levels	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actuals	Enacted	Revised	Enacted		Enacted	Enacted	
	530.4	535.4	543.4	8.0	1.5%	574.4	39.0	7.3%

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

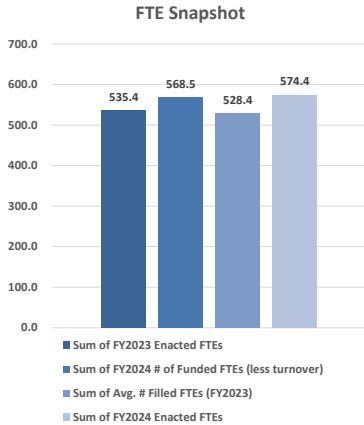
The mission of the Rhode Island Department of Health (RIDOH) is to prevent disease and to protect and promote the health and safety of the people of Rhode Island. Since Rhode Island has no local health departments the Department coordinates public health activities across the State. The Department’s responsibilities include licensing and regulation, collection and analysis of health data, disease surveillance, prevention, and control, vital records, and state laboratories. The Department also houses the Office of the Medical Examiner, the agency responsible for investigating and certifying suspicious or otherwise unexplained deaths.

MAJOR ISSUES AND TRENDS

The FY2024 Budget allocates funding for the eight programs within the Department of Health (DOH): Central Management, Community Health and Equity, COVID-19, Customer Services, Environmental Health, Health Laboratories and Medical Examiner, Policy, Information and Communications, and Preparedness, Response, Infectious Diseases and Emergency Services. The Budget includes \$327.6 million in all funds for FY2024, a decrease of \$45.8 million from the FY2023 Budget as Enacted. General revenues compromise 11.4 percent of the total funds, equaling \$35.7 million, an increase of \$2.8 million from the FY2023 Budget as Enacted.

The Budget includes \$377.2 million in all funds for FY2023, an increase of \$3.8 million from the FY2023 Budget as Enacted. General revenues compromise 9.0 percent of the total funds, equaling \$34.0 million, an increase of \$1.1 million from the FY2023 Budget as Enacted.

The Budget adds a net 39.0 FTE positions. The Budget adds 7.0 FTE positions within the Division of Community and Health Equity, 1.0 in Customer Services, 1.0 in Policy, Information, and Communications, and 4.0 in the Division of Preparedness, Response, Infectious Diseases, and Emergency Medical Services, 1.0 position within the Division of Health Laboratories and Medical Examiner, and 8.0 positions within the Division of Environmental Health. Additionally, the budget reversed the Governor’s recommendation to transfer the Family Home Visiting and Health Equity Zone initiative to the Executive Office of Health and Human Services, restoring 7.0 FTE positions. Furthermore, the budget



included an additional 10.0 FTE positions within the department; however, it did not specify where or what these positions will be. All positions will be funded completely through federal funds.

Pursuant to Article 1, Section 12 of the FY2023 Budget as Enacted, the Department of Administration requested 8.0 additional FTEs to support the Bipartisan Infrastructure Law (BIL) Grant for Drinking Water. The Governor, Speaker of the House, and Senate President concurred with the request and signed the memo on February 23, 2024, which increase the Departments FTE cap by 8.0 FTE positions effective immediately.

These positions will have no impact on general revenue as they are fully funded through the grant associated with the Bipartisan Infrastructure Law (BIL). In October 2022, the Department became eligible to receive this funding for FY2023 and the following five fiscal years. The Department began receiving applications from Rhode Island public water systems without staff or positions to review and approve these applications. These positions will also be used to implement Rhode Island's PFAS law and oversee the PFAs program. The 8.0 new positions are as follows:

- 2.0 Environmental Scientists
- 4.0 Environmental Engineers
- 1.0 Assistant Health program Administrator
- 1.0 Health Program Administrator.

CENTRAL MANAGEMENT

Central Management provides overall leadership, management, and administrative functions for the Department. The Division includes three subprograms: Executive Functions, the Health Equity Institute, and Management Services.

Central Management	General Revenue
FY2023 Enacted	\$2,965,099
<i>Target and Other Adjustments</i>	
Centralized Services (statewide adjustment)	920
Personnel	810,252
FY2024 Enacted	\$3,845,945

Central Management	Other Fund Changes
Indirect Cost Recoveries (restricted receipts)	(\$9,262,624)
Public Health Infrastructure Workforce (federal funds)	3,171,853
Refugee Assistance (federal funds)	250,360
Personnel	\$69,674

The Budget includes \$657,976 in personnel expenditures in FY2024 for the Central Management Division. This is \$69,674 more than the enacted level. This is primarily associated with anticipated statewide decreases in salaries, benefits, retirement, and other personnel costs. The table below illustrates personnel adjustments by category.

Personnel Category	FY2023 Enacted	FY2024 Enacted	Change from Enacted	
Salary	\$377,052	\$404,855	\$27,803	7.4%
Benefits	59,736	89,544	29,808	49.9%
Employee Retirement	123,358	133,640	10,282	8.3%
FICA	28,156	29,937	1,781	6.3%
Total	\$588,302	\$657,976	\$69,674	11.8%

Indirect Cost Recoveries (restricted receipts)**(\$9.3 million)**

The Budget includes a net decrease of \$9.3 million related to changes in the indirect cost recovery expenditures resulting from changes in various federal grant programs accounts within DOH. This decrease is attributable to the decrease of COVID-19 awards in FY2023 and based on the most recently ended state fiscal year, FY2022, which ended on June 30th, 2022. The Department utilizes indirect cost recovery funds for state supported operational costs to federal programs or activities.

In accordance with RIGL 34-4-23.1, the Department applies for federal indirect cost recoveries through an indirect cost proposal, which is submitted directly to the Department of Health and Human Services (DHHS). To receive this reimbursement, the Department submits an indirect cost proposal requesting federal approval of the indirect rate for the upcoming fiscal year.

Public Health Infrastructure Workforce (federal funds)**\$3.2 million**

The Budget increases federal funds by \$3.2 million to support operations and salaries related to strategies that bolster the diversity required to effectively implement and respond to public health emergencies. The Department received a 5-year, \$15.3 million grant from the Centers for Disease Control and Prevention (CDC), to address critical public health infrastructure in ways that improve the Department's ability to serve the needs of Rhode Island's residents. These funds are to be used to support the workforce, data modernization, and foundational capabilities.

Refugee Assistance (federal funds)**\$250,360**

The Budget includes \$250,360 in federal funds for activities related to refugee support services. These funds will directly support health related services that will increase health literacy, health assessments, health screening data, and coordination between wellness groups and health care organizations.

COMMUNITY HEALTH AND EQUITY

The Division of Community Health and Equity aims to eliminate health disparities, assure healthy child development, control disease, and strive for healthy communities. The division includes four centers: chronic care and disease management, health promotion and wellness, perinatal and early childhood health, and preventive services.

Community Health and Equity	General Revenue
FY2023 Enacted	\$1,588,431
<i>Target and Other Adjustments</i>	<i>(10,952)</i>
FY2024 Enacted	\$1,577,479
Community Health and Equity	Other Fund Changes
Federal Fund Changes	(\$5,932,189)
Restricted Receipt Changes	1,951,472

Federal Fund Adjustments**(\$5.9 million)**

The Budget decreases federal funds by \$5.9 million within the Community Health and Equity Program as compared to the FY2023 Budget as Enacted.

Community Health and Equity	Federal Fund Changes
ARPA SFRF: Public Health Clinics (federal funds)	(\$4,000,000)
CARES Act: RI Community Health Workers for COVID (federal funds)	(1,306,403)
Infant, Child, Adult Immunization (federal funds)	(1,008,691)
Women's Cancer Screenings (federal funds)	269,962
Pregnancy Postpartum Death Review Committee (federal funds)	59,496
Cancer Prevention and Control (federal funds)	53,447

- **ARPA SFRF: Public Health Clinics:** The Budget decreases federal American Rescue Plan Act (ARPA) funds by \$4.0 million to reflect the disbursement of one-time funds used to support grants to the Rhode Island Free Health Clinic and Open Doors Health.
- **CARES Act: RI Community Health Workers for COVID:** The Budget decreases federal funds by \$1.3 million for the CARES Act Community Health Workers Grant. The Department receives \$5.0 million each year from the CARES Act, and the original placeholder for FY2024 included an additional \$1.5 million in carryforward spending. However, the processes of securing contracts for organizations working to mitigate COVID-19 took longer than anticipated. Funding will continue to carry forward with the possibility of no cost extension upon the completion of the contracts.
- **Infant, Child, and Adult Immunization:** The Budget decreases federal funds by \$1.0 million to reflect decreased spending on vaccinations due to more efficient tracking as well as excess vaccine returns. The program saw a \$1.2 million decrease vaccination purchases, which is offset by a \$331,552 increase in salary and benefits that reflect the addition of 1.0 new FTE positions that will assist in vaccination data entry.
- **Women's Cancer Screenings:** The Budget increases federal funds by \$269,926 to reflect increased spending for women's cancer screenings. The program provides screening services to women ages 21-64 who are uninsured or underinsured.
- **Pregnancy Postpartum Death Review Committee:** The Postpartum Committee is a multidisciplinary review board charged with examining the death of individuals who were pregnant or died within one year of pregnancy to identify factors that may have contributed to the death. The Committee is comprised of 50 members, all of which are health professionals with various organizations. The Committee also provides recommendation on how to improve systems of care through their reports. The Committee also established a data sharing relationship with the Center for Disease Control and Prevention (CDC) to contribute to national data regarding maternal mortality. Past appropriations have derived from general revenue only, and this is the first year that the Committee receives any federal funding. The Budget includes \$59,496 to fund the operations of the Committee.
- **Cancer Prevention and Control:** The Budget increases federal funds by a net of \$53,447 to reflect projected expenditures associated with the Department's various cancer prevention and control programs. The spending changes by are summarized below:

Cancer Prevention and Control	Federal Funds
Colorectal Cancer Screening	\$1,732,007
Women's Cancer Screening Program (NBCCEDP)	(1,462,081)
RI Cancer Prevention And Control	(1,070,803)
Comprehensive Cancer Control Program (NCCCP)	471,075
PPHF Women's Cancer Screening Program	277,802
Childhood Cancer Star Project	96,500
Rhode Island Cancer Registry (NPCR)	8,947
Total	\$53,447

Restricted Receipt Changes**\$2.0 million**

The Budget increases restricted receipts by \$2.0 million within the Community Health and Equity Program as compared to the FY2023 Budget as Enacted.

- **Infant, Child, and Adult Immunization:** The Budget increases restricted receipts by \$2.0 million. These funds are primarily due to an increase in vaccination spending due to increased vaccine costs as per dose prices increased as well as dose changes for Hepatitis B.

Community Health and Equity**Restricted Receipt Changes**

Infant, Child Immunizations (restricted receipts)	\$1,024,624
Adult Immunizations (restricted receipts)	926,848

COVID-19

The COVID-19 program was established within the Department of Health in FY2021 to support Rhode Island's pandemic response. The program primarily consists of federal appropriations related to the public health response to the COVID-19 pandemic. The Department of Health is responsible for coordinating the State's efforts in combatting COVID-19 with contact tracing and case investigations, treatment, testing, vaccinations, and lab processing.

COVID-19**Other Fund Changes**

COVID-19 Adjustments (federal funds)	(\$37,652,480)
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COVID-19 Adjustments (federal funds)**(\$37.7 million)**

The Budget decreases federal funds by \$37.7 million to reflect expenditures towards the State's response to the COVID-19 pandemic. Expenditures are funded through the Consolidated Appropriations Act 2021, the CARES Act, PPHCE, FEMA disaster resources, and from the American Rescue Plan Act (ARPA) direct appropriations. The funding within the Department of Health supports efforts in testing, contact tracing, vaccination, other public health-related activities, and the construction of a new State Health Laboratory. The Budget includes \$81.8 million in ARPA funds and \$11.7 million in the other COVID-19 funds.

COVID-19 Federal Funds	FY2023 Enacted	FY2024 Enacted	Change from Enacted	
Testing	\$29.4	\$0.4	(\$29.0)	-98.7%
Other Support Services	46.0	74.1	28.1	61.0%
Contact Tracing/ Case Investigati	19.2	1.2	(17.9)	-93.7%
Data Analytics, Tech, & Modeling	22.1	4.2	(17.8)	-80.8%
Communications	0.8	0.1	(0.7)	-82.8%
Community Mitigation and Preventi	6.8	6.4	(0.4)	-5.9%
Supplies	7.0	7.1	0.1	1.3%
Total	\$131.1	\$93.5	(\$37.7)	-28.7%

COVID-19 Federal Fund Sources	FY2023 Enacted	FY2024 Enacted	Change from Enacted	
ARPA Direct	\$70.0	\$81.8	\$11.8	16.8%
CARES Act	3.8	1.3	(2.5)	-64.9%
PPEHCE	19.6	1.8	(17.8)	-91.0%
Consolidated Appropriations Act	37.8	8.5	(29.2)	-77.4%
FEMA	0.0	0.1	0.1	100.0%
Total	\$131.1	\$93.5	(\$37.7)	-28.7%

- **Testing:** The Budget decreases federal funds by \$29.0 million for costs related to equipment, staffing, and contracted services related to COVID-19.
- **Other Support Services:** The Budget increases federal funds by \$28.1 million for support services. These services include miscellaneous costs associated with the overall response to the public health crisis. These include costs related to community mitigation, high density cases, human services relief, childcare, and government readiness.
- **Case Investigations and Contact Tracing:** The Budget decreases federal funds by \$17.9 million reflecting less need for the infrastructure required for contract tracing and investigations, operating support, and the personnel to manage the overall process.
- **Data Analytics, Tech, and Modeling:** The Budget decreases federal funds by \$17.8 million for costs related to tracking data associated with COVID-19. This includes tracking cases, tests, treatment, hospitalizations, and deaths as well as infrastructure needed to develop models that predict disease projections.
- **Communications:** The Budget decreases federal funds for communications by \$772,601 to reflect a decreased need for infrastructure related to delivering information to Rhode Island residents that will assist them in making appropriate health decisions.
- **Community Mitigation and Prevention:** The Budget decreases federal funds for Community Mitigation by \$400,500 for services related to mitigation and prevention of COVID-19. This expense includes community outreach, mitigation and prevention in homeless service sites and health equity zones, and vaccination costs.
- **Supplies:** The Budget increases federal funding by \$87,645 for vaccination and immunization costs.

CUSTOMER SERVICES

The Division of Customer Services has licensure and regulatory responsibilities of health care professionals and facilities, and is comprised of three centers: Professional Licensing, Boards and Commissions; the Center for Vital Records', and the Center for Health Facilities Regulation.

Customer Services	General Revenue
FY2023 Enacted	\$8,198,687
<i>Target and Other Adjustments</i>	34,992
Professional Licensing and Boards	675,989
Vital Records	(463,934)
Facilities Regulation	(104,035)
Centralized Services (statewide adjustment)	(124,721)
FY2024 Enacted	\$8,216,978

Customer Services	Other Fund Changes
RI Statewide Opioid Abatement Account (restricted receipts)	\$1,700,000
Vital Records (federal funds)	1,017,892
McKinsey Opioid Settlement (restricted receipts)	(630,000)
Professional Licensing and Boards (restricted receipts)	(621,273)
Professional Licensing and Boards	\$675,989

The Budget includes \$3.8 million in general revenue for the center of professional licensing, an increase of \$675,989 from the FY2023 Enacted. The medical marijuana licensing restricted receipt account decreases by \$630,780 in FY2024, and the Budget replaces lost funds with general revenue. Recreational marijuana was legalized in 2022 with the passage of H-7593 Sub A, otherwise known as the Rhode Island Cannabis Act. As such, the State expects a significant decline in medical marijuana users as many users are expected to forfeit their license and switch to medical use. The Division of Customer Services eliminated the medical marijuana patient licensing program and absorbed the funds and positions into the center of professional licensing and boards.

Vital Records **(\$463,934)**

The Budget includes a net \$463,934 decrease in general revenue within the Office of Vital Records, which is primarily due to a \$661,642 decrease in personnel expenses, along with \$116,414 and \$81,290 general revenue increases within contracted services and operating supplies and expenses, respectively. This decrease is due to increased CMS federal funding that the Department received for its death certificate integration initiative. The initiative allows the Department substitute federal funds for general revenue, thereby significantly decreasing general revenue expenditures.

Personnel Category	FY2023	FY2024		
	Enacted	Enacted	Change from Enacted	
Salary	\$784,498	\$376,954	(\$407,544)	-51.9%
Benefits	176,520	86,770	(89,750)	-50.8%
Employee Retirement	261,555	128,523	(133,032)	-50.9%
FICA	59,941	28,625	(31,316)	-52.2%
Total	\$1,282,514	\$620,872	(\$661,642)	-51.6%

There is also a corresponding increase of \$1.0 million in federal funds from a new grant intended to aid the Office with implementation of the electronic death registration system, which connects the Office with other health systems across the state and vital records offices across the nation.

Facilities Regulation **(\$104,035)**

The Budget includes a net \$104,035 decrease in general revenue within the office of Facilities Regulation, which is primarily due to a \$161,873 decrease in personnel expenses, a \$30,000 decrease in contracted services, and an increase of \$87,838 in operating supplies and expenses. This decrease is primarily related to the transfer or 2.0 FTE positions, an Executive Assistant and Clinical Social Worker, to other Divisions.

Personnel Category	FY2023	FY2024	Change from Enacted	
	Enacted	Enacted		
Salary	\$833,448	\$739,285	(\$94,163)	-11.3%
Benefits	156,622	127,745	(28,877)	-18.4%
Employee Retirement	281,655	250,681	(30,974)	-11.0%
FICA	63,620	55,761	(7,859)	-12.4%
Total	\$1,335,345	\$1,173,472	(\$161,873)	-12.1%

Rhode Island Statewide Opioid Abatement Account (restricted receipts) **\$1.7 million**

The FY2023 Budget as Enacted established the Opioid Abatement Account within the Executive Office of Health and Human Services (EOHHS) to place distributions from various opioid settlement agreements into Department’s restricted receipt accounts. These funds are dedicated to forward-looking abatement efforts as defined through settlement agreements. The Department has received \$1.7 million of these funds to complete opioid abatement activities. These funds will be used to support the Department street outreach initiative and naloxone (Narcan) distribution.

The Department’s street outreach initiative employs mobile units to connect with populations who are at risk of drug use and overdose. The mobile unit provides services and supplies to individuals who may be unable to travel to clinics that provide similar services. The main component of this initiative is that the mobile unit provides basic needs, harm reduction tools, and peer recovery support to vulnerable populations.

McKinsey Opioid Abatement (federal funds) **(\$630,000)**

The Budget includes \$110,000 for FY2024, a decrease of \$630,000 from the FY2023 Budget as Enacted. The FY2023 Budget as Enacted included \$740,000 in restricted receipts, of these funds, \$400,000 was allocated to harm reduction centers and \$300,000 purchased naloxone supplies. The Department plans to continue to use these funds to support harm reduction centers. According to the Department, it is unlikely that this funding source will continue to be supported in upcoming years.

ENVIRONMENTAL HEALTH

The Environmental Health program holds responsibility for the licensure and regulatory activities related to Environmental Health and all activities related to Healthy Homes. The program regulates and provides oversight of population-based activities related to safe food; clean water; healthy homes in the areas of lead, asbestos, radon; and, health and safety in the workplace. The program includes three Centers: the Center for Food Protection, the Center for Drinking Water Quality, and the Center for Healthy Homes and Environment.

Environmental Health	General Revenue
FY2023 Enacted	\$6,088,320
<i>Target and Other Adjustments</i>	45,850
Food Protection and Sanitation	(152,680)
Centralized Services (statewide adjustment)	61,411
FY2024 Enacted	\$6,042,901

Environmental Health	Other Fund Changes
Bipartisan Infrastructure Law - Drinking Water (federal funds)	\$1,768,388

Food Protection and Sanitation **(\$152,680)**

The Budget includes a decrease of \$152,680 in general revenue within the Division of Food Protection and Sanitation. This is primarily due to the delay in hiring 2.0 FTE positions for the Cottage Food manufacturing Program. The Department has delayed hiring new positions as it is close to reaching its FTE cap and is instead using existing employees to process applications. The FY2023 Budget enacted the program and 2.0 additional FTEs.

Bipartisan Infrastructure Law – Drinking Water (federal funds) **\$1.8 million**

The Budget adds \$1.8 million in federal funds to support 8.0 new FTE positions that will review and approve applications for grants towards public water systems infrastructure upgrades as well as funding for staff to oversee the PFAS program. These expenses will have no impact on general revenue as these positions are fully funded through a federal grant. The Department is already receiving applications from Rhode Island public water systems and requires additional staff or positions to review and approve these applications. The positions are as follows:

- 1.0 Senior Environmental Scientist
- 1.0 Environmental Engineer I
- 3.0 Environmental Engineer II
- 1.0 Environmental Scientist
- 1.0 Health Program Administrator
- 1.0 Assistant Health Program Administrator

Pursuant to Article 1, Section 11 of the FY2023 Budget as Enacted, the Senate President, House Speaker, and Governor signed a letter on February 23, 2023, increasing the Department’s FTE cap to accommodate the BIL grant. The letter increased the Department’s FTE cap by 8.0 positions to support the Department’s clean drinking water programs.

HEALTH LABORATORIES AND MEDICAL EXAMINER

The Health Laboratories and Medical Examiner provides laboratory services to state and municipal agencies, health care providers, and the general public, for the purposes of public health, environmental protection, and forensic science.

The Medical Examiner investigates and certifies the cause of death in the case of all known or suspected homicides, suicides, accidents, sudden infant deaths, drug-related deaths, medically unattended or unexplained deaths, and deaths that may be evidence of an epidemic or other threat to the public health. The Division also provides expert testimony in criminal and civil cases.

Health Laboratories and Medical Examiner	General Revenue
FY2023 Enacted	\$10,980,589
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<i>Target and Other Adjustments</i>	<i>136,656</i>
Office of the Medical Examiner	866,803
Operating Supplies and Expenses	490,474
Centralized Services (statewide adjustment)	174,822
Forensic Scientist - DNA Audit	108,000
FY2024 Enacted	\$12,757,344

Office of the Medical Examiner \$866,803

The Budget includes a general revenue increase of \$866,803 to support contracted positions related to multiple initiatives within the Office of the Medical Examiner. The increase is primarily due to a \$478,251 general revenue increase to support various positions that perform forensic pathology through the first half of FY2024. These positions complete tasks that would otherwise be completed by the Chief Medical Examiner, and 2.0 Assistant Medical Examiners if the Department had these positions filled. The Department has not had full time staff for over a decade and plans to hire in FY2024, however; contracted services must be acquired in the meantime. Funding for contracted services may be needed in FY2025 should the Department be unable to hire staff.

The increase is also attributable to a \$236,440 general revenue increase to support decedent livery services, or the transportation of deceased individuals. These services were contracted out; however, the vendor abruptly terminated their contract due to new ownership. Projected costs are based on livery fees paid by medical examiner offices in surrounding states and OSME actuals in recent years. Costs are anticipated to rise in upcoming years.

Remaining funds will support other contracted services within the office such as x-ray, and histology services.

Operating Supplies and Expenses \$490,474

The Budget includes an increase of \$490,474 within operating supplies and expense for the Department’s miscellaneous natural account. The funds in this account align with the costs associated with hiring 3.0 permanent FTE’s for the Office of the Medical Examiner; however, due to the Department’s FTE constraints these funds must be placed in the miscellaneous account rather than personnel accounts. The Department plans to hire new FTEs by the end of FY2024; however, if they are unable to, the Department included funding within its contracted services accounts to ensure the Office of the Medical Examiner continues to function properly.

Forensic Scientist – DNA Audit \$108,000

The Budget includes \$108,000 in general revenue for an additional 1.0 Forensic Scientist FTE position within the Department of Health’s (DOH) Health Laboratories and Medical Examiner Program to support a proposed new DNA auditing initiative. DOH is responsible for the collection of samples, testing of samples, and maintenance of the state’s forensic DNA databank. The audit seeks to identify instances in which DNA samples were legally-required to be collected but were not, and to then remedy the gap. According to the DOH, it tests approximately 1,800-2,000 convicted offender samples per year and that this work currently conducted by one forensic scientist within the Forensic Biology/DNA Laboratory.

POLICY, INFORMATION, AND COMMUNICATION

The Policy, Information, and Communication division is responsible for public health communications; data collection, analysis, and dissemination; coordination of the Department’s legislative and regulatory functions; and ensuring standards of care are maintained in new and existing healthcare facilities. The

division includes four centers: Public Health Communications, Health Data and Analysis and Public Informatics, Health Systems Policy and Regulation, and Legislative and Regulatory Affairs.

Policy, Information, and Communication	General Revenue
FY2023 Enacted	\$958,580
<i>Target and Other Adjustments</i>	<i>(14,971)</i>
Personnel Adjustments	38,767
FY2024 Enacted	\$982,376

Community Health and Equity	Federal Fund Changes
Health Professional Loan Repayment (federal funds)	\$839,800
Health Professional Loan Repayment - State Match (restricted receipts)	(550,000)

Personnel Adjustments **\$38,767**

The Budget includes \$800,725 in personnel expenditures in FY2024 in the Division of Policy, Information, and Communication, \$38,767 more than the enacted level. This is primarily associated with anticipated statewide increases in salaries, benefits, retirement, and other personnel costs. The table below illustrates personnel adjustments throughout the Division.

Personnel Category	FY2023 Enacted	FY2024 Enacted	Change from Enacted	
Salary	\$481,422	\$483,661	\$2,239	0.5%
Benefits	87,293	119,235	31,942	36.6%
Employee Retirement	156,412	161,042	4,630	3.0%
FICA	36,831	36,787	(44)	-0.1%
	\$761,958	\$800,725	\$38,767	5.1%

Health Professional Loan Repayment (federal funds) **\$839,800**

The Budget includes an additional \$839,800 for the health professional loan repayment program, which provides loan repayment to eligible health care professionals. The fund also aligns with a corresponding restricted receipt decrease of \$550,000; this appropriation was originally used as the State match and was funded through donations. As of October, 2022, the State no longer needs to provide a match for this program.

PREPAREDNESS, RESPONSE, INFECTIOUS DISEASE, AND EMERGENCY MEDICAL SERVICES

The Preparedness, Response, Infectious Disease, and Emergency Medical Services division includes four centers: Emergency Preparedness and Response; Infectious Disease and Epidemiology; HIV, Hepatitis, STD, and TB Epidemiology; and, Emergency Medical Services.

The division prepares for and responds to catastrophic events, disasters, and emergencies. It also monitors and works to prevent the spread of infectious diseases, and licenses and regulates emergency medical services in the state.

Preparedness, Response, Infectious Disease, and Emergency Medical Services	General Revenue
FY2023 Enacted	\$2,092,672
<i>Target and Other Adjustments</i>	22,822
Operating Supplies and Expenses	116,655
FY2024 Enacted	\$2,232,149

Preparedness, Response, Infectious Disease, and Emergency Medical Services	Other Fund Changes
Capital Purchases and Equipment (federal funds)	(3,994,336)
Personnel (federal funds)	1,916,473
Contract and Professional Services (federal funds)	(\$1,686,541)
Assistance and Grants (federal funds)	(\$787,500)

Operating Supplies and Expenses **\$116,655**

The Budget adds \$116,655 in general revenue for operating supplies and expenses. The Department utilizes this source to fund anticipated contractors needed for this program. RIDOH is currently struggling with filling their FTE positions as the Department has reached it’s FTE cap and must subsidize through contracted positions.

Capital Purchases and Equipment (federal funds) **(\$3.9 million)**

The Budget includes a decrease of \$3.9 million in federal funds. These funds were awarded to the Department by the Center for Disease Control and Prevention (CDC) through the ELC Enhancing Detection Expansion COVID grant. As the Public Health Emergency comes to an end, the Department will receive less funds related to the pandemic as there is reduced need.

Personnel (federal funds) **\$1.9 million**

The Budget includes \$1.9 million in federal funds to support four additional positions within the Division. The positions are supported entirely through federal funds and are as follows:

- 2.0 Assistant Health Program Administrator (\$320,705)
- 1.0 Health Program Administrator (\$99,648)
- 1.0 Public Health Epidemiologist (\$77,220)

Remaining costs reflect the Departments rebudgeting process. Remaining funds were removed from contracted and personnel services and moved to personnel expenses.

Personnel Category	FY2023	FY2024	<i>Change from Enacted</i>	
	Enacted	Enacted		
Salary	\$4,736,664	\$5,725,102	\$988,438	20.9%
Benefits	651,907	1,064,207	412,300	63.2%
Employee Retirement	1,503,582	1,938,531	434,949	28.9%
FICA	350,289	431,075	80,786	23.1%
	\$7,242,442	\$9,158,915	\$1,916,473	26.5%

Contract and Professional Services (federal funds) **(\$1.7 million)**

The Budget includes a decrease of \$1.7 million in federal funds. These funds were awarded to the Department by the Center for Disease Control and Prevention (CDC) through the ELC Enhancing Detection Expansion COVID grant. As the Public Health Emergency comes to an end, the Department will receive less funds related to the pandemic as there is reduced need.

Assistance and Grants (federal funds)***(\$787,500)***

The Budget includes a decrease of \$787,500 in federal funds. As the public health emergency begins to end, the Department will begin to see a significant decrease in federal grants associated with COVID-19. To ensure that the Division's COVID unit is still running, the Department removed funding from this account, and reappropriates it to personnel expenses.

CAPITAL PROJECTS***New Health Lab (RICAP)***

The Budget includes \$33.1 million in federal funds to construct a new 80,000 sq. ft. state laboratory with lot 3 of parcels 22 and 25 on former Interstate 95 as a potential site for the new development. The project is expected to total \$81.8 million throughout the entire construction process. Of the \$81.8 million, \$78.1 is derived from federal funds. Construction of the new health laboratory will expand existing programs and provide additional space required for biocontainment, office space separate from the testing areas, and consolidated central shipping and receipts facilities. This is an increase of \$2.5 million from the previously planned expenditures.

Health Laboratories & Medical Examiner Equipment

The Budget includes \$400,000 in Rhode Island Capital Plan (RICAP) funds within the Department for various capital improvement projects in FY2024, with a total project fund of \$3.5 million from FY2022 through FY2028. The funding will support the Laboratory Medical Equipment Fund to replace laboratory equipment at the State Health Laboratory. Much of the equipment is obsolete or no longer supported by the manufacturer. Failure to replace the equipment could result in the Health Lab losing the capability to complete necessary testing on food and water, infectious diseases, insect-borne viruses, forensics, and air quality.

Department of Human Services

Expenditures by Program	FY2022 Actuals	FY2023 Enacted	FY2023 Revised	Change from Enacted	FY2024 Enacted	Change from Enacted		
Central Management	\$10.4	\$13.3	\$14.9	\$1.6	12.2%	\$17.3	\$4.0	30.1%
Child Support Enforcement	15.7	16.0	16.7	0.7	4.1%	18.2	2.2	13.5%
Health Care Eligibility	17.2	26.0	18.6	(7.5)	-28.7%	27.6	1.6	6.2%
Individual and Family Support	218.4	191.9	205.9	14.0	7.3%	185.9	(6.0)	-3.1%
Office of Healthy Aging	30.5	39.0	38.3	(0.7)	-1.9%	38.7	(0.3)	-0.8%
Office of Veterans Affairs	40.8	46.4	47.5	1.0	2.2%	49.9	3.4	7.4%
State Funded Programs	476.7	448.3	501.5	53.2	11.9%	381.2	(67.1)	-15.0%
Rhode Island Works/Child Care	74.1	103.3	88.0	(15.3)	-14.8%	98.1	(5.1)	-5.0%
Supplemental Security Income Program	17.4	17.9	16.8	(1.1)	-6.2%	17.1	(0.8)	-4.4%
Total	\$901.2	\$902.1	\$948.0	\$45.9	5.1%	\$834.0	(\$68.1)	-7.6%

Expenditures by Source	FY2022 Actuals	FY2023 Enacted	FY2023 Revised	Change from Enacted	FY2024 Enacted	Change from Enacted		
General Revenue	\$114.4	\$152.3	\$138.6	(\$13.8)	-9.0%	\$155.6	\$3.2	2.1%
Federal Funds	777.0	739.5	799.5	60.0	8.1%	666.9	(72.6)	-9.8%
Restricted Receipts	5.5	5.0	5.1	0.1	2.8%	5.9	1.0	19.8%
Other Funds	4.2	5.4	4.9	(0.5)	-9.4%	5.6	0.2	3.8%
Total	\$901.2	\$902.1	\$948.0	\$45.9	5.1%	\$834.0	(\$68.1)	-7.6%

Authorized FTE's	1047.0	1067.0	1067.0	-	0.0%	1070.0	3.0	0.3%
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\$ in millions. Totals may vary due to rounding.

The Department of Human Services (DHS) administers programs and services that support the needs of children and families, adults and children with disabilities, veterans, and the elderly. These services include health care, child care, cash assistance, and other supportive services for working parents and families.

MAJOR ISSUES AND TRENDS

The FY2024 Budget includes total funding of \$834.0 million, a \$68.1 million decrease from the FY2023 Budget as Enacted. This includes a general revenue increase of \$3.2 million. The majority of the general revenue change is related to the May Caseload Estimating Conference, decreased funding for the Public Health Emergency, and the reallocation of funds for the SNAP Eat Well, Be Well initiative.

The Public Health Emergency ended on May 11, 2023. As such, the State began unwinding activities related to Medicaid and cash assistance program on April 1, 2023. The end of the PHE results in decrease of a majority of one-time funds within the Department are American Rescue Plan Act (ARPA) funds; however, the Coronavirus Aid, Relief, and Economic Security (CARES) Act also supported the Department through the Pandemic. As the Department prepares for unwinding activities, it is attempting to hire and train Eligibility Technicians and Case Workers to ensure prompt and efficient redetermination activities. The Department anticipates current staffing levels may be insufficient throughout the 14-month redetermination period, therefore, it anticipates utilizing contracted positions to successfully complete redetermination activities.

There are additional policy initiatives that contribute to expenditure changes, including changes to the RI Works program, extending childcare benefits to childcare staff, and reappropriating funds for the SNAP

pilot initiative, known as *Eat Well, Be Well*, to FY2024. The Enacted budget appropriated funds to expand RI Works benefits to pregnant individuals from the onset of pregnancy. It also approved a one-year pilot program that allows child care staff to receive free child care, so long as they meet the eligibility requirements described in Article 9 of the FY2024 Budget as Enacted.

The Budget authorizes 1,070.0 FTE positions for FY2024, reflecting a 3.0 FTE increase from the FY2023 Budget as Enacted.

The RI Bridges Project, previously known as Unified Health Infrastructure Project (UHIP), is the largest information technology (IT) project undertaken by the State intended to fully integrate health and human service programs, and establish a State-based health insurance exchange, HealthSource RI. The project was developed in two phases. Phase I, launched in 2013, created an online portal for purchasing commercial health insurance and income-based Medicaid eligibility. Phase II of UHIP, launched in September of 2016, was intended to expand the system to serve as a portal through which residents apply for and enroll in other health and human service programs such as Child Care, Supplemental Nutrition Assistance Program (SNAP), General Public Assistance (GPA), and Supplemental Security Income (SSI) programs.

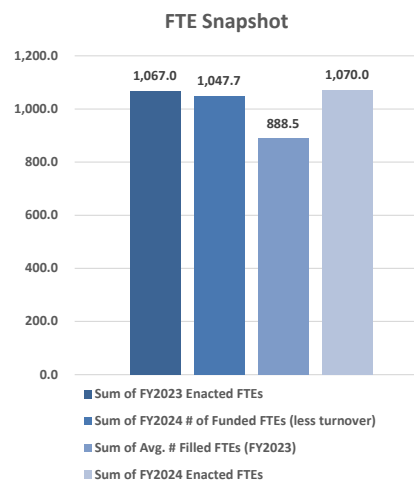
Phase II of the UHIP project has been plagued with technical failures resulting in delays in eligibility and payments to providers and individuals. The costs of the project are projected to total \$775.8 million through FY2024. Costs are shared across the Executive Office of Health and Human Services (EOHHS), DHS, and HealthSource RI (HSRI).

The Department's budget includes a total of \$31.9 million related to RI Bridges/UHIP expenditures, an increase of \$1.6 million from the FY2023 Budget as Enacted level.

Caseload Estimating Conference

Every November and May, the State revises cash assistance caseload forecasts in order to estimate entitlement program spending for both the current and the following fiscal year. The May 2023 Caseload Estimating Conference adopted estimates dictate the entitlement program appropriations included in the FY2024 Budget as Enacted.

Overall spending for cash assistance programs, including RI Works, child care subsidies to working families, Supplemental Security Income (SSI) state supplement, and General Public Assistance (GPA), is estimated to be \$112.8 million in FY2024, a decrease of \$10.7 million from the FY2023 Enacted level. The major contributor to this decrease is an anticipated decrease in the number of child care subsidies as there is a current staffing crisis, exacerbated by low and noncompetitive wages. Another contributing factor included the looming closures of classrooms due to low staffing. There is an additional increase in federal funds to support the recently negotiated increased rates for family care providers.



Cash Assistance Program - May 2024 Adopted Estimates

	FY2022 Final	FY2023 Enacted	FY2023 Revised	May 2023 CEC	FY2024 Enacted	Change to Enacted
Rhode Island Works						
Persons	6,094	7,963	8,800	8,500	8,500	537
Monthly Costs per Person	\$233.0	\$236.0	\$226.5	\$232.0	\$232.0	-\$4.0
Federal Funds*	\$18.6	\$24.8	\$26.0	\$25.9	\$26.0	\$1.2
Child Care						
Subsidies	5,500	7,302	6,300	6,400.0	6,400.0	(902.0)
Annual Cost per Subsidy	\$10,140.0	\$10,741.4	\$10,624.0	\$10,650.0	\$10,650.0	-\$91.4
Federal Funds*	\$47.7	\$69.8	\$59.9	\$58.0	\$62.0	-\$7.8
General Funds*	\$8.1	\$8.7	\$9.2	\$10.2	\$10.2	\$1.5
SSI - State Supplement						
Persons	32,735	33,000	32,050	31,900	31,900	(1,100)
Monthly costs per Person	\$45.0	\$45.0	\$44.3	\$44.0	\$44.0	(\$1.0)
General Revenue*	\$17.7	\$17.9	\$17.1	\$16.9	\$17.1	(\$0.8)
General Public Assistance						
Persons	115	296	340	558	558	262
Monthly Costs per Person	\$190.0	\$185.0	\$188.0	\$186.0	\$186.0	\$1.00
General Revenue*	\$0.8	\$1.3	\$1.4	\$1.9	\$1.9	\$0.6
Total	\$92.9	\$122.4	\$113.6	\$112.8	\$117.1	-\$5.3
Federal Funds*	\$66.3	\$94.6	\$85.9	\$83.9	\$88.0	-\$6.6
General Revenue*	\$26.6	\$27.8	\$27.7	\$28.9	\$29.1	\$1.3

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

CENTRAL MANAGEMENT

Central Management, which includes the Office of the Director, supervises, coordinates, and monitors all departmental functions within DHS. This division also includes the Office of Policy Analysis, Research, and Development; the Operations Management Unit; the Collections, Claims, and Recoveries Unit; and, the Fraud Investigation Unit.

Central Management	General Revenue
FY2023 Enacted	\$7,586,208
Target and Other Adjustments	267,942
Community Service Grants	(1,900,000)
FY2024 Enacted	\$5,954,150

Central Management	Other Fund Changes
ARPA SFRF: RI Community Food Bank (federal funds)	\$3,000,000
Head Start (federal funds)	3,000,000

Community Service Grants **(\$1.9 million)**

The Budget includes a \$1.9 million net decrease in community service grants in FY2024. Generally, community service grants are appropriated to reflect the General Assembly's priorities and provide additional support to organizations outside of the Department's scope. This decrease is a result of discontinuing one-time appropriations that appeared in FY2023, including \$750,000 to the Boys and Girls Club and \$1.4 million to the Community Action Fund. The Budget also includes an additional \$25,000 for the Center of Southeast Asians, and an additional \$100,000 for the RI Community Food Bank.

ARPA SFRF: RI Community Food Bank (federal funds) **\$3.0 million**

The Budget includes \$3.0 million in federal ARPA SFRF to support the RI Community Food Bank. The organization has reported a significant increase in utilization, as food insecurity has nearly tripled from pre-pandemic numbers. The additional funds will support the Food Bank in achieving its mission of providing nutrient dense food to RI households who struggle with food insecurity.

Head Start (federal funds) **\$3.0 million**

The Budget includes \$3.0 million in federal funds to support Head Start programs by preventing the permanent closure of RI Pre-K, Head Start, and Early Head Start classrooms. According to DHS, Head Start Programs, and the child care sector as a whole, has experienced debilitating staffing shortages, that have been exacerbated by the pandemic. Additionally, the Department reports that a number of Head Start classroom are at risk of closure due to low wages, lack of funds for renovating classrooms, and lack of staff. These funds are intended to mitigate these issues.

CHILD SUPPORT ENFORCEMENT

The Office of Child Support Enforcement assists families by ensuring payment of court-ordered child support payments. The Office provides the following services: location of non-custodial parents, establishment of paternity, establishment and modification of child support orders, and enforcement, through the use of license suspensions, tax refund intercepts, and liens. Collections recovered from families that receive state support through Rhode Island Works or Medicaid are retained by the State, while other collections are distributed directly to families.

Child Support Enforcement	General Revenue
FY2023 Enacted	\$3,678,142
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<i>Target and Other Adjustments</i>	<i>26,317</i>
KidsBridge Transition	425,000
Personnel Adjustments	362,341
Debt	50,000
FY2024 Enacted	\$4,541,800

Child Support Enforcement	Other Fund Changes
Case Management System (federal funds)	\$825,000

KidsBridge Transition **\$425,000**

The Budget includes a total of \$425,000 in general revenue to support the transition of Kids Bridge to a cloud-based IT system. KidsBridge is the Department's management system that records and manages child

support cases; however, the system has become outdated, with many remaining offices discontinuing use of the system. Funds will support the transfer to a web-based system. Many offices already utilize cloud-based IT systems, therefore synchronizing the office with the rest of the Department. There is a corresponding federal funds increase of \$825,000.

Personnel Adjustments **\$362,341**

The Budget includes \$2.6 million in general revenue expenditures for personnel expenses, an increase of \$362,341 from the FY2023 Enacted Budget. This is primarily associated with anticipated statewide increases in salaries, benefits, retirement, and other personnel costs.

Personnel Category	FY2023 Enacted	FY2024 Enacted	<i>Change from Enacted</i>	
Salary	\$1,361,604	\$1,682,116	\$320,512	23.5%
Benefits	337,529	345,948	8,419	2.5%
Employee Retirement	445,850	476,070	30,220	6.8%
FICA	102,485	105,675	3,190	3.1%
Total	\$2,247,468	\$2,609,809	\$362,341	16.1%

Uncollectible Child Support **\$50,000**

The Budget includes \$50,000 in general revenue to address an internal audit finding. According to DHS, \$50,000 in child enforcement checks that had been deposited and credited to the state’s accounting system, were drawn on accounts with insufficient funds. Government accounting rules require that after a certain period of time, these types of unfunded deposits are determined uncollectable and must be written off, the accounts receivable balance. The Budget provides \$50,000 in general revenue to offset this loss.

OFFICE OF HEALTHY AGING

The Office of Healthy Aging, previously the Division of Elderly Affairs, provides comprehensive services, advocacy, and public policy dedicated to the needs of older Rhode Islanders, adults with disabilities, their caregivers, and families. The Office implements a system of community-based care for individuals sixty years and older as well as adults with disabilities. The Office is responsible for developing and implementing a State Plan on Aging under the federal Older Americans Act. The Office oversees the Aging and Disability Resource Center (called “The Point”) and a network of community information specialists who provide referrals to services and other resources to elders and adults with disabilities.

Office of Healthy Aging	General Revenue
FY2023 Enacted	\$12,996,855
<i>Target and Other Adjustments</i>	
	157,671
FMAP Phase Down	(\$199,612)
Aging and Disability Resource Center	250,000
Personnel Adjustments	449,675
FY2024 Enacted	\$13,654,589

Office of Healthy Aging	Other Fund Changes
ARP Direct: Adult Protective Services (federal funds)	\$600,000
ARP Direct: Family Caregivers (federal funds)	360,688
Enhanced FMAP Phase Down (federal funds)	199,612

Personnel Adjustments **\$449,675**

The Budget includes \$2.3 million in general revenue expenditures for personnel expenses, an increase of \$449,675 from the FY2023 Enacted Budget. This is primarily associated with the addition of 2.0 FTE positions to the Office: 1.0 Protective Services Staff, and 1.0 Customer Services Staff, resulting in a total salary and benefits increase of \$213,401. These positions are intended to aid the office with elder abuse investigations and screen phone calls regarding elder services. According to DHS, the Office has experienced an increase in elder abuse and calls to Adult Protective Services since 2021. The remaining increases are primarily due to anticipated statewide increases in salaries, benefits, retirement, and other personnel costs.

Personnel Category	FY2023 Enacted	FY2024 Enacted	Change from Enacted	
Salary	\$1,184,755	\$1,456,718	\$271,963	23.0%
Benefits	190,775	244,160	53,385	28.0%
Employee Retirement	393,083	497,127	104,044	26.5%
FICA	90,422	110,705	20,283	22.4%
Total	\$1,859,035	\$2,308,710	\$449,675	24.2%

Aging and Disability Resource Center **\$250,000**

The Budget includes \$250,000 in general revenue to support the Office’s Aging and Disability Resource Center. The Center, often referred to as ‘The Point’, provides valuable resources that can help link older adults and their families with information and assistance on an array of services. Specific services include counseling, and help with applications for long term supportive services (LTSS). The Center is limited in its scope of services because it is primarily funded through federal funds.

FMAP Phase Down **(\$199,612)**

The Budget includes a net \$77,123 all funds decrease in the Office of Healthy Aging in FY2024 to account for changes in the Federal Medical Assistance Program (FMAP). This net decrease consists of a \$199,612 decrease in general revenue offset by a corresponding federal fund increase of \$122,489. The Consolidated Appropriations Act of 2023 (CAA23) decoupled continuous enrollment and initiated the phase down of Enhanced FMAP.

The Federal Medical Assistance Program (FMAP) is a formula-based calculation determining the federal share of Medicaid expenses based on Rhode Island’s per capita income. During the COVID-19 pandemic, the Families First Coronavirus Response Act authorized a temporary increase of 6.2 percent in exchange for pausing redetermination activities, therefore ensuring that all individuals maintain health insurance throughout the pandemic. The Consolidated Appropriations Act began the FMAP phase down on April 1, 2023.

The table below shows the FMAP phase down percentages though the end of calendar year 2023.

Enhanced FMAP Phase Down	
March 2023	6.2%
June 2023	5.0%
September 2023	2.5%
December 2023	1.5%

ARP DIRECT: Adult Protective Services (federal funds) \$600,000

The Budget includes \$600,000 in federal funds for elderly abuse prevention programming. This grant was awarded in 2021 with one-time funding through the American Rescue Plan Act (ARPA) funds. According to DHS, there have been significant increases in calls to Adult Protective Services since 2021. These funds will be used to fund multiple projects including the WellSky Reporting Tool, which enables coordination and communication between medical providers and social service providers. These funds will also be used to staff training and Adult Protective Service Conferences to better equip OHA staff at managing incoming calls.

ARP DIRECT: Family Caregivers (federal funds) \$360,688

The Budget includes \$360,688 in federal funds to support family caregivers. This grant was awarded in 2021 with one-time funding through ARPA. The additional funding allowed the Office to enhance existing programs, and create new innovative programs. These funds are currently being used to conduct outreach to target kinship care grandparents and older caregivers to connect them with supports and resources available to them.

HEALTH CARE ELIGIBILITY

Health Care Eligibility is responsible for determining Medicaid eligibility. This includes the determination of eligibility for medical benefits for certain low-income individuals and/or families with dependent children, and individuals who meet eligibility criteria within the following populations: RI Works participants; SSI participants; Children with Special Health Care Needs; children in foster care or subsisted adoption within the Department of Children, Youth, and Families; low income families; and aged, blind, or disabled individuals.

Health Care Eligibility	General Revenue
FY2023 Enacted	\$9,969,089
<i>Target and Other Adjustments</i>	
Outside Lease Costs	(167,248)
Public Health Emergency	(378,365)
Centralized Services (statewide adjustment)	376,327
Field Office Security	375,192
UNAP Contract (statewide adjustment)	159,169
FY2024 Enacted	\$10,354,082

Health Care Eligibility	Other Fund Changes
UNAP Contract (federal funds)	\$38,670
Field Office Security (federal funds)	159,170
Public Health Emergency (federal funds)	1,190,417

Outside Lease Costs **(\$378,365)**

The Budget decreases general revenue by \$378,365 to reflect reductions in outside rental and lease costs. The Department moved out of its Elmwood Avenue site in December 2021. Monthly rent cost was \$217,000 and the Department had to continue paying rent for the remaining five months of the lease. The Office was consolidated into four other State-owned buildings resulting in savings in FY2024.

Public Health Emergency **\$376,327**

The Budget includes an increase of \$376,327 in general revenue related to the passage of the Consolidated Appropriations Act of 2024 (CAA23), the end of the Public Health Emergency (PHE), and Medicaid redetermination which began on April 1, 2023. These funds facilitate the return to normal operations following the PHE and reflect updated schedules and policy assumptions related to CAA23. There is a corresponding federal funds increase of \$1.2 million, resulting in a net increase of \$1.5 million.

Field Office Security **\$159,169**

The Budget includes \$159,169 in general revenue to support security at the Department's field offices. The Department plans to open and expand two field offices in Providence, 125 Holden Street, and 1 Reservoir Avenue, and requires security at these locations. There is a corresponding federal funds increase of \$159,170, resulting in a net increase of \$318,340.

INDIVIDUAL AND FAMILY SUPPORT

The Division of Individual and Family Support (IFS), also referred to as the Division of Economic Support, operates the Department's economic benefits and work support programs, including the federal Supplemental Nutrition Assistance Program (SNAP), the Emergency Food Assistance Program, child care subsidies, the Rhode Island Works cash assistance program, Supplemental Security Income (SSI), and General Public Assistance (GPA).

The Division also provides services to individuals with disabilities, operating the Office of Rehabilitation Services (ORS), which includes the State's vocational rehabilitation program, services for the blind and visually impaired, and disability determination.

Individual and Family Support	General Revenue
FY2023 Enacted	\$46,264,236
<i>Target and Other Adjustments</i>	
Personnel Adjustments	\$1,458,014
Public Health Emergency	(587,035)
Field Office Security	327,701
Operating Supplies and Expenses	(240,271)
Contract and Professional Services	(216,011)
Enhanced FMAP	77,114
FY2024 Enacted	\$47,213,539

Individual and Family Support	Other Fund Changes
ARPA Direct: LIHEAP (federal funds)	(\$7,592,819)
LIHEAP and Weatherization Assistance (federal funds)	2,194,490
Preschool Development Block Grant (federal funds)	(2,156,934)
ARPA: Child Care Support (federal funds)	(1,983,000)
ARP SFRF: Child Care Investment: Enhanced TEACH Program (federal funds)	(1,333,000)
Public Health Expenses (federal funds)	1,000,647
ARPA Direct: Afghan Refugee Support (federal funds)	1,000,000
ARP SFRF: Child Care Investment: Workforce Registry and Quality Improvement (federal funds)	950,000
RI Works Coverage from Onset of Pregnancy (federal funds)	200,000

Personnel Adjustments **\$1.5 million**

The Budget includes \$25.7 million in general revenue expenditures for personnel expenses, an increase of \$1.5 million from the FY2023 Enacted Budget. This is primarily associated with anticipated statewide increases in salaries, benefits, retirement, and other personnel costs.

Personnel Category	FY2023	FY2024	Change from Enacted	
	Enacted	Enacted		
Salary	\$14,857,468	\$15,555,054	\$697,586	4.7%
Benefits	3,671,899	4,070,744	398,845	10.9%
Employee Retirement	4,611,973	4,949,471	337,498	7.3%
FICA	1,071,312	1,095,397	24,085	2.2%
Total	\$24,212,652	\$25,670,666	\$1,458,014	6.0%

Public Health Emergency **(\$587,035)**

The Budget includes a decrease of \$587,035 in general revenue related to the passage of the Consolidated Appropriations Act of 2024 (CAA23), the end of the Public Health Emergency (PHE), and Medicaid redetermination which began on April 1, 2023. These funds facilitate the return to normal operations following the PHE and reflect updated schedules and policy assumptions related to CAA23. There is a corresponding federal fund increase of \$1.0 million, resulting in a net increase of \$1.6 million.

Field Office Security **\$327,701**

The Budget includes \$327,701 in general revenue to support security at the Department’s field offices. The Department plans to open and expand two field offices in Providence, 125 Holden Street, and 1 Reservoir Avenue, and requires security at these locations.

Operating Supplies and Expenses **(\$240,271)**

The Budget decreases general revenue by \$240,271 to reflect changes in operating expenses. The changes primarily reflect a reallocation of funds that is based on recommendations from a recent random moment in time study (RMTS). The Department participates in these studies regularly throughout the year to reassess Medicaid and fairly allocate costs. These studies ensure that the Department is efficiently spending funds derived from Medicaid.

The net decrease also reflects a \$314,570 decrease within the Office of Rehabilitation Services which aligns with FY2022 actual expenditures. The Office utilizes audited expenditures from previous fiscal years to best meet State match requirements. In FY2022, the Office experienced a significant increase of federal funds to train and educate Rhode Islanders with disabilities, as well as upgrade office equipment for staff. The federal fund increase required the office to increase general revenue funds as well, creating an influx of funds for following fiscal years.

Contract and Professional Services **(\$216,011)**

The Budget includes a net decrease of \$216,011 in general revenue to reflect changes in the UHIP Budget. This reduction aligns DHS’s budget actual and projected contract expenditures spending actuals.

Enhanced FMAP **\$77,114**

The Budget includes a general revenue increase of \$77,114 in FY2024 to account for changes in the Federal Medical Assistance Program (FMAP). The Consolidated Appropriations Act of 2023 (CAA23) decoupled continuous enrollment and initiated the phase down of Enhanced FMAP.

The Federal Medical Assistance Program (FMAP) is a formula-based calculation determining the federal share of Medicaid expenses based on Rhode Island’s per capita income. During the COVID-19 pandemic, the Families First Coronavirus Response Act authorized a temporary increase of 6.2 percent in exchange for pausing redetermination activities, therefore ensuring that all individuals maintain health insurance throughout the pandemic. The Consolidated Appropriations Act began the FMAP phase down on April 1, 2023. The table below shows the FMAP phase down percentages through the end of calendar year 2023.

Enhanced FMAP Phase Down

March 2023	6.2%
June 2023	5.0%
September 2023	2.5%
December 2023	1.5%

ARP DIRECT: LIHEAP (federal funds) **(\$7.6 million)**

The Budget includes a decrease of \$7.6 million in federal American Rescue Plan Act (ARPA) funds to reflect a one-time appropriation for low-income energy, heating, and weatherization assistance. Rhode Island’s Low-Income Home Energy Assistance Program (LIHEAP) helps low-income residents by providing assistance that offset the costs of home energy.

LIHEAP and WAP (federal funds)**\$2.2 million**

Pursuant to the Governor's budget amendment of May 19, 2023, the Budget includes \$2.2 million of Infrastructure Investment and Jobs Act (IIJA) federal funds to increase supplemental funding for Low Income Heating Assistance Program and Weatherization Assistance Program within the Department. Both programs assist low-income households by offsetting the costs of home energy and weatherization.

Preschool Development Grant (federal funds)**(\$2.2 million)**

The Budget includes a net decrease of \$2.2 million in federal funds to reflect the insolvency of the Preschool Development Grant (PDG). In 2019, the Department announced that it had been awarded a one-time \$4.2 million grant that targets youth from birth through age five by encouraging the development of the State's early childhood education system through enhancing infrastructure and supporting high quality education. Since 2019, the State has been awarded two more PDG's in 2021 and 2023. The PDG cannot be used to support pre-k seats; however, the Department has used these funds to conduct multiple needs assessment reports and to redesign the RI Children's Cabinet website.

ARPA SFRF: Child Care Investment: Retention Bonuses (federal funds)**(\$2.0 million)**

The Budget includes a total of \$16.7 million in federal funds, a decrease of \$2.0 million from FY2023, to support retention bonuses for early childhood educators. The General Assembly originally appropriated a total of \$37.4 million throughout FY2022 and FY2023; however, not all funds have been expended yet. The General Assembly shifted \$15.0 million of surplus in ARPA funds from FY2023 to FY2024 to continue paying retention bonuses throughout FY2024.

This initiative is intended to address labor shortages in the child care industry. Full-time and part-time staff at state-licensed providers would be eligible for the awards. In FY2022, \$1,500 semi-annual bonuses were provided. In FY2023, bonuses changed to quarterly awards in the amount of \$750. Individual bonuses are not to exceed \$3,000 annually.

The General Assembly appropriated a total of \$37.4 million for retention bonuses, \$18.7 million each for FY2022 and FY2023. As of March 8, 2023, the Department reported spending a total of approximately \$20.5 million in ARPA SFRF funds for retention bonuses. The Department plans to provide retention bonuses through FY2025.

Providers, both center- and family-based, are reportedly suffering from high turnover and trouble retaining experienced staff. Providers are not able to open at full capacity due to staffing shortages, resulting in fewer child care spaces for parents who require child care to continue their employment.

Early childhood education is a unique field in that it is a high-skill, low-wage industry. As wages in other jobs increase, workers chose to move to another higher paying field. Child care providers struggle with the ability to pay their workers more as it would often require them to increase their tuition rates.

ARP SFRF: Child Care Investment: Enhanced TEACH Program**(\$1.3 million)**

The Budget includes a total of \$667,000 in federal funds, a decrease of \$1.3 million to reflect the exclusion of one-time federal ARPA SFRF funding appropriated to the expansion of the Teacher Education and Compensation Helps (TEACH) scholarship programs.

TEACH is a nationally recognized workforce development model for early childhood educators. The Department currently provides \$647,000 in TEACH scholarships supporting approximately 100 educators. The Governor proposes to expand TEACH funding to support additional participants at various credential

levels from the Child Development Associate (CDA) to a bachelor's degree. Funding will support TEACH scholarships which pay for the participant's tuition, books, and incentives for credential completion.

TEACH allows participants to complete credit bearing coursework working towards degree credentials while remaining employed at an early learning provider. TEACH guarantees participants an increase in compensation through either a bonus or additional income from their employer sponsor.

Afghan Refugee Support Services (federal funds) \$1.0 million

The Budget includes \$1.0 million in federal funds for grants related to Afghan refugee support services. The Department was awarded \$2.3 million in federal funds to support resettlement activities such as case management, employment services, cash and legal assistance, and youth mentoring. These funds are distributed to two resettlement organizations – Dorcas International Institute and Catholic Social Services – as well as RIDOH, Providence Public Schools, and the Refugee Dream Center.

ARPA SFRF: Child Care Investment: Quality Improvement (federal funds) (\$950,000)

The Budget includes \$525,000 in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF), a decrease of \$950,000 from FY2023 Enacted. This one-time funding was used to invest in early learning programs in order to increase their BrightStars rating.

Child care facilities who participate in the State's Child Care Assistance Program (CCAP) are awarded a BrightStars level of one to five stars based on the quality rating the provider has achieved within the State's Quality Rating system.

Of the providers who participate, only 16.0 percent are considered high quality, with a rating of four or five stars. Providers have identified funding as a barrier to improve ratings. Additional funding will be used to support curriculum, materials, facilities, and staff training/professional development. This will allow providers to achieve higher Brightstars ratings, retain higher CCAP reimbursements, and serve children at a higher quality level.

RI Works Coverage from Onset of Pregnancy \$200,000

The Budget includes \$200,000 in federal funds to support the extension of RI Works eligibility to pregnant individuals for the onset of pregnancy. Previously, benefits were only awarded to pregnant individuals who were six months pregnant. The initiative will now provide an extra six months of coverage for pregnant individuals. These funds only support the administrative costs acquired to distribute these funds. Funding for the benefits awarded are within the RI Works Program.

RHODE ISLAND WORKS/CHILD CARE

Rhode Island Works provides cash assistance and employment support services, including child care assistance, to enable working parents with children to support their families. Applicants may have up to \$5,000 in resources (excluding a home) and one vehicle per adult. Rhode Island Works (RIGL 40-5.2-5) replaced the Family Independence Program in 2008. This program is funded through the federal Temporary Assistance to Needy Families (TANF) program.

The FY2023 Budget as Enacted amended the payment standard for families receiving cash assistance through the RI Works program. The increase in payments brought the monthly benefit to about 185.0 percent of the federal poverty guideline.

Prior to FY2022, beneficiaries were not allowed to receive cash assistance for more than 24 months (consecutive or not) within 60 continuous months. Article 13 of the FY2020 Budget as Enacted eliminated this constraint. Article 13 of the FY2023 Budget as Enacted extended the lifetime limit to 60 months to align with a majority of the country. The lifetime limit includes Temporary Assistance for Needy Families (TANF) cash assistance paid to the beneficiary in other states. Cash assistance provided to a child will not be counted toward their lifetime limit should they need to apply for benefits as adults.

The FY2022 Budget as Enacted amended the RI Works program to include children who are over 18 and still in high school, and amended the Income section of the RI Works program, such that the first six months of earned income received by a RI Works member, in compliance with their employment plan, shall be excluded from the family’s income as it pertains to receiving cash assistance.

The FY2023 Budget as Enacted expanded child care supports to include families, at or below 200.0 percent of the Federal Poverty Level, with parents enrolled at a Rhode Island institution of higher education or in a qualified training program.

The FY2023 Budget as Enacted also expanded the work requirements and now allows RI Works recipients to participate in continuing education programs or vocational training at a Rhode Island institution for up to 24 months while still receiving cash assistance, provided that they successfully completed the first 12 months.

The FY2024 Budget as Enacted extended RI Works benefits to pregnant individuals from the onset of pregnancy. Previously, benefits were awarded to individuals who were no less than six months pregnant. Furthermore, the FY2024 Budget as Enacted extended child care to all childcare staff whose income is at or below 300.0 percent the FPL.

Rhode Island Works/Child Care	General Revenue
FY2023 Enacted	\$8,681,937
<i>Target and Other Adjustments</i>	
May Caseload Estimating Conference	\$1,504,808
FY2024 Enacted	\$10,186,745

Rhode Island Works/ Child Care	Other Fund Changes
May Caseload Estimating Conference (federal funds)	(\$20,366,680)
ARP Direct: Child Care and Development Block Grant (federal funds)	(11,294,491)
Child Care Assistance for Child Care Workers (federal funds)	4,000,000
Child Care Rates (federal funds)	2,779,509
RI Works - Full Pregnancy Benefit (federal funds)	50,000

May Caseload Estimating Conference **\$1.5 million**

The FY2024 Budget as Enacted includes a total of \$10.2 million in general revenue within the Rhode Island Works and Child Care Assistance programs (CCAP), an increase of \$1.5 million from the previous fiscal year. The Department oversees the administrative portion of the Rhode Island Works and CCAP. The RI Works program is solely financed through the Temporary Assistance for Needy Families (TANF) Program, a federal program the provides funding for cash assistance to low-income households with children. However, the States CCAP program requires a general revenue match, therefore all general revenue

determined through the May CEC will be allocated to the CCAP Program. The May Caseload conferees also determined a federal fund decrease of \$20.4 million, a \$4.1 million decrease in the RI Works program and a \$16.3 million decrease in CCAP.

- **Rhode Island Works Program (\$4.1 million):** The Budget appropriates a total of \$26.0 million in federal funds as a result of the May 2023 Caseload Estimating Conference (CEC). The May 2023 CEC adopted a caseload estimate of 8,500 at a monthly cost of \$232.0 per person, an increase of 537 persons and a decrease of \$4.0 per person from the FY2023 Enacted Budget.

The Conferees assumed that RI Works cases would be affected by the end of the public health emergency, as many benefits that were used to balance the negative economic effects of the pandemic will no longer be funded. Benefits such as Medicaid and SNAP will begin to see changes in overall caseload as the State begin redetermination activities and ceases to utilize emergency allotments awarded through SNAP. Taking these factors into account, the Conferees determined that the caseload is likely to slightly increase, with the costs per subsidy decreasing.

This program is primarily funded through Temporary Assistance to Needy Families (TANF), a federal program implemented in 1997. RI Works supports low-income families and works to pull them out of poverty through workforce development and education.

- **Child Care Assistance Program (CCAP) (\$16.3 million):** The Budget includes \$62.0 million in federal funds as determined by the May 2023 Caseload Estimating Budget (CEC). The May 2023 Conferees adopted a caseload estimate of 6,400 subsidies with an annual cost of \$10,650 per subsidy, an increase of 902 subsidies and a decrease of \$91.40 per subsidy.

The May Conference assumed that enrollment stabilize, and possibly decrease, due to reports regarding the staffing crisis within the sector, possible classroom closures, and limited child care seats. Furthermore, the Department is unable to determine how many Early Childhood Educators there are in the State until the workforce database is implemented. The Conferees determined that the sector is currently overwhelmed, and cannot expand capacity.

The Department's CCAP provides child care to families who are eligible for cash assistance and who require child care to meet work or education requirements determined by RIGL 40-5.2-20. Under current law, families with income below 100.0 percent of the FPL receive free child care. Families with incomes greater than 100.0 percent but less than 180.0 percent of the FPL pay for a portion of the child care they receive according to a sliding scale. This amount is not to exceed 7.0 percent of the family's income

ARP DIRECT: Child Care and Development Block Grant (federal funds) (\$11.3 million)

The Budget includes a decrease of \$11.3 million in federal funds to account for a decrease in American Rescue Plan Act (ARPA) funding. ARPA funds provided direct relief to States throughout the pandemic to ensure economic stability. To meet the federal requirements, these funds were originally used for child care subsidies, which aided in the economic recovery from the COVID-19 pandemic by allowing parents to return back to work. As the public health emergency has begun to wind down, the State will receive less ARPA funds; however, the Department plans to utilize TANF funds as a substitute.

Child Care Assistance for Child Care Workers \$4.0 million

The Budget extends child care to early childhood educators and staff for a duration of one year - August 1, 2023 through July 31, 2024. Eligible participants income must be at or below 300.0 percent of the federal

poverty line (FPL) According to the Department of Health and Human Services (HHS), the average family of three who earns 300.0 percent of the FPL grosses about \$74,580 a year. The amendment exempts eligible staff and educators from copayments, and allows them to choose their preferred childcare facility. The amendment also mandates the Department to compile participant data and outcomes, which will be submitted to the General Assembly no later than November 1, 2024. The Budget includes an additional \$4.0 million in Temporary Assistance to Needy Families (TANF) funds to support this initiative.

Child Care Rates (federal funds) \$2.8 million

The Budget includes \$2.8 million in federal funds to support family child care provider (FCCP) rate increases. Minimum base reimbursement rates for family child care providers caring for infants/toddlers and preschool-aged children are determined through a collective bargaining agreement. Like licensed child care centers, the maximum reimbursement rates for infant/toddler and preschool care paid to licensed family child care providers are implemented in a tiered rate based on the quality rating the provider has achieved within the State’s Quality Rating system.

In 2023, the Department participated in a collective bargaining agreement with SEIU 1199 New England to renegotiate FCCP reimbursement rates. Reimbursement rates have not been formally increased since before the COVID-19 pandemic. The newly-negotiated contract provides a retirement plan, changes to Brightstar evaluations through a DHS-Union joint committee, and provides funding for training and professional development, and retroactive payments dating back to January 1, 2022.

The following table illustrate the changes in reimbursement rates for infants/toddlers, preschool-aged, and school age children since FY2019. During the Pandemic, enhanced rates were authorized by Executive Order from May 2020 – December 2021. FY2022 reimbursement rates began in January 2022.

Licensed Child Care Centers	FY2019	FY2021/2022	FY2022	FY2024 Negotiated
Infant/ Toddler Rates	Infant/ Toddler Rates	Pandemic Enhanced Rates	Infant / Toddler Rates	Infant/Toddler Rates
Tier 1	\$180.34	\$184.87	\$180.34	\$250.00
Tier 2	\$182.12	\$190.36	\$182.12	\$254.00
Tier 3	\$183.92	\$201.35	\$183.92	\$257.00
Tier 4	\$185.70	\$206.84	\$185.70	\$260.00
Tier 5	N/A	\$223.31	N/A	\$263.00

Licensed Child Care Centers	FY2019	FY2021/2022	FY2022	FY2024 Negotiated
Preschool Rates	Preschool Rates	Pandemic Enhanced Rates	Preschool Rates	Preschool Rates
Tier 1	\$163.95	\$161.41	\$163.95	\$210.00
Tier 2	\$165.57	\$161.41	\$165.57	\$220.00
Tier 3	\$167.20	\$161.41	\$167.20	\$228.00
Tier 4	\$168.82	\$161.41	\$168.82	\$239.00
Tier 5	N/A	\$161.41	N/A	\$250.00

Licensed Child Care Centers	FY2019	FY2021/2022	FY2022	FY2024 Negotiated
School Age Rates	School Age Rates	Pandemic Enhanced Rates	School Age Rates	School Age Rates
Tier 1	\$155.20	\$118.15	\$155.20	\$185.00
Tier 2	\$156.74	\$118.15	\$156.74	\$190.00
Tier 3	\$158.82	\$118.15	\$158.82	\$205.00
Tier 4	\$159.81	\$118.15	\$159.81	\$225.00
Tier 5	N/A	\$118.15	N/A	\$235.00

*State reverted back to prepandemic reimbursement rates after enhanced rates expired

Analyst Note: On May 27, 2020, Governor Raimondo issued Executive Order 20-39 which allowed child care centers that reopened during the pandemic to be reimbursed at a higher rate. Child care providers below the 5th tier, as determined by the State's Quality Rating system, are now reimbursed at the 5th tier level. Providers that were at the 5th tier, are now reimbursed at the 90th percentile. This executive order was extended until December. Beginning in January 2022, child care centers are reimbursed based on rates set in RIGL 40-6.2-1.12021 and FCCP reimbursements reverted back to 2019 rates.

RI Works – Full Pregnancy Benefit (federal funds)

\$50,000

The Budget includes \$50,000 in federal funds to support the extension of RI Works eligibility to pregnant individuals for the onset of pregnancy. Previously, benefits were only awarded to pregnant individuals who were six months pregnant. The initiative will now provide an extra six months of coverage for pregnant individuals. These funds only support the administrative costs acquired to distribute these funds. An additional \$200,000 of funding for the benefits awarded to beneficiaries are appropriated to the RI Works Program.

STATE FUNDED PROGRAMS

DHS' State Funded Programs program consists of two distinct initiatives, the General Public Assistance (GPA) program and the Supplemental Nutrition Assistance Program (SNAP).

The GPA program (RIGL 40-6-3) provides basic cash assistance to adults between the ages of 19 and 64, that have very limited income and resources and have an illness, injury, or medical condition that is expected to last 30 days or more and prevents them from working. GPA also includes a hardship contingency fund, intended to be a benefit of last resort for Rhode Islanders who do not qualify for Rhode Island Works or SSI. The benefit and funding levels are directed by statute and do not typically fluctuate from year to year.

SNAP, or “food stamps”, is a federal nutrition program that provides food assistance to low-income households. SNAP benefits (\$250.0 million in FY2021) are fully federally funded. SNAP's benefit disbursements are budgeted within this program; however, administrative responsibility for SNAP, as well as corresponding budgetary resources, are managed by DHS' Individual and Family Support program.

Other Programs	General Revenue
FY2023 Enacted	\$12,847,120
<i>Target and Other Adjustments</i>	
SNAP Retail Incentive Pilot	(\$1,500,000)
Caseload Estimating Conference - General Public Assistance (GPA)	588,336
FY2024 Enacted	\$11,935,456

Other Programs	Other Fund Changes
SNAP Benefits (federal funds)	(\$91,767,978)
Families First: Enhanced EBT for SNAP (federal funds)	25,449,847

SNAP Retail Incentive Pilot

(\$1.5 million)

The FY2023 Budget as Enacted appropriated \$11.5 million towards the Department's SNAP Retail Incentive Pilot program; however, this program has been delayed due to difficulties acquiring vendors and

the proper technology needed to carry out the initiative. The Pilot, known as *Eat Well, Be Well* provides additional bonus dollars in the form of a discount or rebate on fruits and vegetables purchased by a SNAP recipient to encourage purchasing and consuming healthy fruits and vegetables. SNAP Recipients received fifty cents (\$.50) for every one dollar (\$1.00) spent on fruits and vegetables. This program took effect on January 1, 2023, and will continue until all funds are expended.

SNAP is vital to safeguarding food security throughout Rhode Island with approximately 1 in 7 Rhode Island households receiving SNAP Benefits in 2019. According to the Department, the average family of four receives \$425 a month. According to the Department, while these funds help ease food insecurity throughout the State, they are not enough to secure a nutritious and well-balanced diet. This program aims to lessen the burden of Rhode Island’s low-income households by providing an enhanced 50.0 percent reimbursement for every dollar spent on fruits and vegetables.

Caseload Estimating Conference—General Public Assistance (GPA) \$588,336

Estimators at the May 2023 Caseload Estimating Conference (CEC) projected that, in FY2024, 558 people would receive general public assistance (GPA) at a monthly cost of \$186.00 per person. Expenditures for monthly cash payments, indigent burials, and the GPA hardship contingency fund are projected to be \$1.85 million in FY2024, a \$588,336 general revenue increase from FY2023 enacted levels.

SNAP Benefits (federal funds) (\$91.8 million)

The FY2024 Budget includes \$343.6 million in federal funds for SNAP benefits, a decrease of \$91.8 million from the FY2023 Budget as Enacted.

The majority of the decrease relates to emergency allotments for SNAP benefits that were made available because of the COVID-19 pandemic. In March 2020, SNAP recipients were eligible to receive an additional monthly payment. The additional monthly payment boosted the household’s benefit amount to the maximum amount for their household size, or \$95.00, whichever is greater. The Emergency SNAP allotment ended on March 1 2023, with the FY2024 Budget adjusted down accordingly.

Families First: Enhanced EBT for SNAP (federal funds) \$25.4 million

The Budget includes \$25.4 million in federal funds to support enhanced SNAP benefits for school aged children and children under six years old who are eligible for SNAP benefits. In March of 2020, the Families First Coronavirus Response Act gave the United State Department of Agriculture (USDA) the authority to temporarily modify procedures to increase access to SNAP benefits to families who struggle during the pandemic. According to Federal Rule, these funds can be used to provide benefits to households with school aged children who receive free and reduced-price meals at school through the National School Lunch Program. While the end of the public health emergency ends pandemic electronic benefits transfers (P-EBT), school aged children and children under aged six who are eligible for free and reduced lunch will continue to receive benefits through the Summer months.

Analyst Note: Originally, P-EBT expenses were recorded within the regular SNAP account; however, considering the differentials in beneficiaries, the Department decided to create a new account for this funding source. The Department was unable to meet the deadline to add the account to FY2023 Enacted and is working with OMB to implement an amendment that will include funding through FY2023.

SUPPLEMENTAL SECURITY INCOME

The Supplemental Security Income (SSI) program is a federal income support program that provides basic cash assistance to individuals aged 65 or older, and to adults and children with serious disabilities. Individuals eligible for SSI are also eligible for Medical Assistance (Medicaid) and SNAP (food stamps). Like all but four states (Arizona, North Dakota, Mississippi, West Virginia), Rhode Island pays beneficiaries a state supplement to the SSI benefit (RIGL 40-6-27).

The federal government, through the Social Security Administration, pays a basic benefit to SSI recipients. The actual monthly benefit depends on the recipient's income; generally, the more income an individual earns, the lower the monthly benefit. Like most states, Rhode Island provides a supplemental state-funded payment to each recipient of the federal payment. The State also makes a state-only payment to some individuals who exceed the federal income eligibility requirements.

The total payment (state and federal) is set at a specific level and is recalculated each year as the federal benefit is adjusted so that the benefit keeps pace with inflation. As of January 1, 2020, the federal SSI payment was increased 1.6 percent based on the cost of living adjustment (COLA) calculated by the Bureau of Labor and Statistics. The state portion of the SSI payment remained the same at \$39.92 for individuals and \$79.38 for couples. Currently, the maximum federal monthly payment is \$914.00 for an individual and \$1,371.00 for a couple.

For SSI recipients in an assisted living residence, a majority of the payment goes to the facility and the resident retains up to \$20.00 of the payment as a personal needs allowance.

In order to be eligible for SSI, an individual must be age 65 or older, blind, or disabled. For the purposes of determining eligibility for SSI, "disabled" means that an individual over the age of 18 has a medically determinable physical or mental impairment that results in an inability to perform any "substantial gainful activity" and that is either expected to result in death or to last for a year or more. For a child, it is a condition that results in "marked and severe functional limitations" and is expected to either result in death or to last for a year or more.

SSI-eligible individuals must also have "limited resources," defined as less than \$2,000 in resources for an individual or child, and less than \$3,000 in resources for a couple. Certain assets and resources are not included in the resource calculation, including the individual's home, household goods and personal effects, burial plots, and a single vehicle.

Social Security Income Program	General Revenue
FY2023 Enacted	\$17,886,000
<i>Target and Other Adjustments</i>	
May Caseload Estimating Conference - Supplemental Security Income	(\$984,300)
Personal Needs Allowance to \$75	193,500
FY2024 Enacted	\$17,095,200

May Caseload Estimating Conference—Supplemental Security Income **(\$984,300)**

The May 2023 Caseload Estimating Conference (CEC) adopted an SSI estimate of 32,000 persons at a monthly cost of \$44.40, and \$58,500 for transaction fees. This was a decrease of 1,000 persons and a decrease of \$0.60 per person relative to the FY2023 Budget as Enacted. The total general revenue cost of the SSI program in FY2024 is \$17.1 million, a decrease of \$777,900 from the FY2023 Enacted level.

Personal Needs Allowance to \$75**\$193,500**

The Budget includes \$193,500 in general revenue to increase the State monthly SSI personal needs allowance to from \$20 to \$45, providing a total of \$75 a month to those receiving PNA benefits. The PNA is the monthly sum of money that residents who receive Medicaid may retain from their personal income. Beneficiaries usually reside in a long-term care center such as a nursing home. Rhode Island's Personal Needs Allowance (PNA) has not increased in decades, causing a lack of financial independence among beneficiaries. This increase attempts to restore financial independence among beneficiaries and better aligns with inflation.

Personal Needs Allowance (February 2023)	
State	Amount
Connecticut	\$75.00
New Hampshire	74.00
Massachusetts	72.80
Vermont	72.66
Rhode Island	50.00
Maine	40.00

VETERANS SERVICES

The Office of Veterans' Services, previously the Division of Veterans' Affairs, serves Rhode Island's veteran population of approximately 70,000. The program operates the Rhode Island Veterans Home, a state-run nursing facility in Bristol, Rhode Island, and the Veterans Cemetery in Exeter, Rhode Island.

Office of Veterans Services	General Revenue
FY2023 Enacted	\$32,402,204
<i>Target and Other Adjustments</i>	
	86,284
Centralized Services (statewide adjustment)	\$1,328,645
Burial for Equity Guards and Reserves Act	344,340
DD-214 Digitalization Project	250,000
RIVMC Seasonal to FTE Conversion	205,660
FY2024 Enacted	\$34,617,133

Office of Veteran Services	Other Fund Changes
APR Direct: Veterans Administration (federal funds)	(\$1,443,247)
Veterans Home Collection Fund (restricted receipts)	915,833
Vets Home Wages (federal funds)	\$897,991
Relief Fund: COVID-Related Expenses - Veterans Services (federal funds)	(870,740)
UNAP Adjustments (federal funds)	278,004

Burial Equity for Guards and Reserves Act**\$344,340**

Article 3 of the Budget amends Rhode Island General Law to align with the Burial Equity for Guards and Reserve Act. This amendment will increase general revenue by \$344,340 to support the amendment. This Act, which was signed by the President on March 15, 2022, allows individuals who served in the National Guard to be buried in Veterans Cemeteries, so long as they had not been dishonorably discharged. There is no federal funding or reimbursement from the federal Veteran's Administration.

Article 3 specifically changes the requirements that allows National Guard and Reserves members to be buried in the Veterans' Cemetery. Historically, to be considered eligible for burial, members of the national guard would have had to serve 20 and honorably discharged, or served active-duty. The change allows members who were killed in the line of duty or honorably discharged after 6.0 years of service to be eligible for burial.

DD-214 Digitalization Project **\$250,000**

The Budget includes \$250,000 in general revenue to digitize discharge documents that are required for to verify eligibility to benefits. The Department plans to scan and store all of these documents, known as DD-214s, in an online database that is only accessible to RIVETS personnel. The project requires a one-time expenditure of \$250,000 and additional maintenance expenditures of \$10,000 the following fiscal years.

RIVMC Seasonal to FTE Conversion **\$205,660**

The Budget includes \$205,660 in general revenue to support transitioning 6.0 seasonal gardener positions to 4.0 FTE gardener positions. Rhode Island Veterans Memorial Cemetery is having difficulty filling the seasonal positions because applicants lose interest when they learn that the job provides no benefits and is not a permanent position. The lack of staffing has posed difficulties on the Cemetery as they are unable to complete their sunken grave project as well as other maintenance duties. The Cemetery reports that if the lack of staffing will risk deficiencies on the VA National Cemetery inspection and jeopardize federal funding.

- 4.0 FTE Gardener – (\$67,032 Each)
- 2.0 Seasonal Gardeners – (\$27,173 Each)

ARP Direct: Veterans Administration (federal funds) **(\$1.4 million)**

The Budget includes a decrease of \$1.4 million in one-time federal American Rescue Plan Act funds used to support overtime expenses within the division of Veterans Administration. These funds, directly appropriated by Congress to the VA expire at the end of calendar year 2024.

Veterans' Home Collection Fund (restricted receipts) **\$915,883**

The Budget includes \$915,883 in restricted receipts from the Vets Home Collection Funds. This Fund is supported through donations made to the Home, as well as, 20.0 percent of the maintenance fees collected to support the activities and care of the veterans residing at the home. These funds will be use to supplement the general revenue budget and support overtime and miscellaneous expenses. According to the Department, this decision was done to balance the general revenue budget.

Veterans Home Wages (federal funds) **\$897,991**

The Budget includes an additional \$897,991 in federal funds to support contracted positions within the Vets Home. Operations within the VETS home have been of interest among the General Assembly as the home has not operated at full capacity since before the COVID-19 pandemic. Currently, the home is operating with a resident census of 144 due to a significant staffing shortage. The additional funding will restore the Home to a full census of 192 residents.

Relief Fund: COVID Related Expenses – Veterans Services (federal funds) **(\$870,740)**

The Budget decreases federal funding by \$870,740, to reflect the expiration of one-time ARP Direct funds. These funds were used to support COVID emergency staffing, purchase PPE, and support emergency related expenses such as overtime.

Veterans' Home Maintenance Fees **Informational**

On June 19, 2020, the U.S. Department of Veterans' Affairs (VA) sent a letter to the RI Department of Human Services' Office of Veterans' Services (Office) alleging that beginning July 1, 2019, veterans at the RI Veterans' Home who have a service connected disability rating of 70.0 percent or more are being billed

for Occupational Therapy (OT) and Physical Therapy (PT). The letter also alleged that Veterans were paying out-of-pocket expenses for services which should be covered under their care at the Veterans’ Home.

The VA found the allegation regarding OT and PT to be unsubstantiated. However, the claim that Veterans are paying for out-of-pocket expenses was found to be substantiated. As of June 30, 2020, the Office has stopped collecting all maintenance fees as requested by the VA.

Pursuant to RIGL 30-24-10, the Office of Veterans’ Services collects a maintenance fee from Veterans’ Home residents that is equal to 80.0 percent of the resident’s “net income” as defined under the law. Pursuant to federal law, the State may not collect additional fees from veterans for whom the VA pays the State home a prevailing wage to provide care. The VA pays a prevailing wage for residents with a service connected disability rating of 70.0 percent and over. From February 3, 2013, through June 30, 2020, the Veterans’ Home was collecting maintenance fees from veterans with a service connect disability rating over 70.0 percent. In November 2020, the Office of Veterans Services (Office) received approval of their Corrective Action Plan from the Veterans Health Administration. The Plan outlines how they will refund maintenance fees that were collected from impacted veterans for whom the VA was paying a prevailing wage rate. According to the Corrective Action Plan, veterans who are eligible for a refund fall into three categories: current residents of the Veterans’ Home; eligible veterans who once resided at the Veterans’ Home but have since moved out; and deceased eligible veterans.

Since 2013, 53 veterans who are owed refunds totaling \$5.0 million have been impacted by this change.

As of February 2023, the Office has refunded 50 checks totaling \$4.6 million to current residents of the Veterans’ Home or their eligible next of kin. Refunds totaling \$355,836.16 for an additional 3 veterans are pending. All next of kin, Power of Attorney, or Executor/Executrix have been identified.

RI Vets Home	Amount	Veterans
Refunded:	\$4,621,564.84	50
Pending:	\$355,836.16	3
Total	\$4,977,401	53

**Source RI Veterans’ Services*

Analyst Note: On March 15, 2021, the Office of Veterans’ Services received an updated Correction Action Plan which now requires the Office to reimburse veterans from whom maintenance fees were collected from 2010 – 2013. The previous Corrective Action Plan only required the Office to reimburse veterans from 2013 – 2020. The Office estimates they will need to reimburse an additional 17 veterans at a total cost of \$770,140. The Office does not anticipate the need to request additional funding for these reimbursements.

CAPITAL PROJECTS

The Budget includes \$1.1 million in Rhode Island Capital (RICAP) funding for FY2024 and \$765,000 in FY2023. Projects include:

Veterans’ Cemetery: The Budget includes \$750,000 in RICAP funding in FY2024 for the expansion of the Veterans’ Cemetery as well as crypt installations, an increase of \$550,000 from FY2023. This funding will support the design phase of the expansion and installation.

Veterans’ Home: The Budget includes \$215,505 in RICAP funding in FY2024 for asset protection projects at the RI Veterans’ Home, a decrease of \$184,495 from FY2023 Enacted. This funding is intended to extend the useful life of the facility by addressing problems as they arise.

Blind Vending Facilities: The Budget includes \$165,000 in FY2024 for blind vending facilities. This funding supports the ongoing construction and renovation of vending facilities at buildings owned or rented by the State. There are currently 11 locations throughout the State that support six blind vendors who operate the facilities. This ongoing project provides employment opportunities for persons who are legally blind.

Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals

Expenditures by Program	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Enacted	Final	Enacted	Enacted	Enacted	Enacted	Enacted
Central Management	\$5.1	\$5.5	\$3.6	(\$1.90)	-34.6%	\$3.2	(\$2.3)	-42.3%
Hospital and Community System Support	2.0	3.8	2.3	(1.5)	-40.3%	1.8	(2.1)	-53.9%
Behavioral Healthcare Services	37.5	54.7	59.6	4.9	9.0%	49.0	(5.8)	-10.6%
Services for the Developmentally Disabled	334.6	383.4	376.3	(7.1)	-1.9%	469.1	85.7	22.3%
Hospital & Community Rehabilitation Services	122.8	118.9	110.1	(8.8)	-7.4%	114.6	(4.3)	-3.6%
State of Rhode Island Psychiatric Hospital	0.0	30.7	29.5	(1.2)	-4%	35.2	4.6	14.9%
Total	\$502.0	\$597.1	\$581.4	(\$15.6)	-2.6%	\$672.8	\$75.8	12.7%

Expenditures by Source								
	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Enacted	Final	Enacted	Enacted	Enacted	Enacted	Enacted
General Revenue	\$257.4	\$303.0	\$270.1	(\$32.9)	-10.9%	\$310.9	\$7.9	2.6%
Federal Funds	241.9	288.5	295.7	7.3	2.5%	349.2	60.8	21.1%
Restricted Receipts	2.3	5.2	14.8	9.6	184.4%	12.3	7.1	137.0%
Other Funds	0.4	0.4	0.8	0.4	103.5%	0.4	-	-
Total	\$502.0	\$597.1	\$581.4	(\$15.6)	-2.6%	\$672.8	\$75.8	12.7%

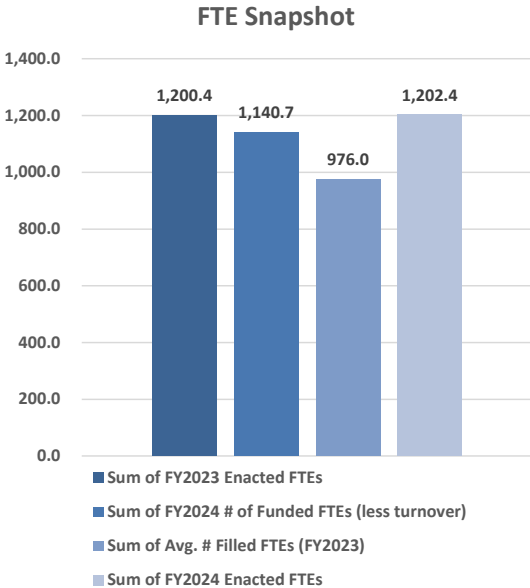
Authorized FTE Levels	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Enacted	Final	Enacted	Enacted	Enacted	Enacted	Enacted
Authorized FTE Levels	1,190.4	1,200.4	1,200.4	-	-	1,202.4	2.0	0.2%

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

The Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) provides a comprehensive system of care for individuals with mental or physical illnesses, developmental disabilities, and substance use disorders. BHDDH administers a coordinated system of mental health promotion and substance abuse prevention through contracted, community-based and direct services at the Eleanor Slater Hospital, the newly established Rhode Island State Psychiatric Hospital, and the Rhode Island Community and Living Supports (RICLAS) facilities.

MAJOR ISSUES AND TRENDS

The Budget includes \$672.8 million from all funds for BHDDH in FY2024, an increase of \$75.8 million or 12.7 percent as compared to the FY2023 Budget as Enacted. This includes an increase of \$7.9 million, or 2.6 percent, in general revenues, bringing total general revenue funding for FY2024 to \$310.9 million. The Budget includes \$349.2 million in federal funds, an increase of \$60.8 million (21.1 percent), due primarily to a full year of resumed Medicaid billing at Eleanor Slater Hospital as well as adjusted caseload and FMAP projections from the November Caseload Estimating Conference (CEC). The Budget includes \$12.3 million in restricted receipts, an increase of \$7.1 million (137.0 percent), due primarily to a new State Opioid Response grant. The Budget maintains other funds expenditures at \$400,000 to fund existing Rhode Island Capital Plan projects.



The Budget authorizes 1,202.4 FTE positions in FY2024, increasing the Department’s authorized FTE positions by 2.0 (0.2 percent). The FTE change represents the addition of 2.0 FTE positions related to the Consent Decree and the rate remodel process. As of the pay period ending June 17, 2023, there were 979.7 filled positions in the Department.

Eleanor Slater Hospital

Eleanor Slater Hospital (ESH) provides long-term acute and post-acute hospital levels of care to forensic, psychiatric, and medical patients with complex needs. Currently, the ESH patient population is heavily dependent on court decisions, as the court decides when forensic patients require hospitalization and when a patient may be discharged.

Beginning in August of 2019, BHDDH oversight personnel found there was a possibility that Eleanor Slater Hospital was out of compliance with the Center for Medicare and Medicaid Services (CMS) Institute of Mental Disease (IMD) exclusion regulations. The regulations do not permit the State to bill Medicaid for patients aged 22-64 when the Hospital is in an IMD status, which occurs when the majority of patients have a primary diagnosis of mental illness. Upon discovering that the State may be violating the IMD exclusion the State hired a law firm, in November 2019, to provide expertise to the State on CMS regulation. In addition, ESH is licensed as a long-term care hospital but many patients are not receiving and do not need a hospital level of care. As a licensed hospital, the State cannot bill for hospital-level of care if a patient needs a lower level of care. Due to the IMD exclusion and the fact that the Hospital is licensed as a long-term care hospital, the State could not bill Medicaid for patient care beginning in September of 2019.

The State submitted a State Plan Amendment (SPA) to allow Eleanor Slater to resume billing for certain patients at the Hospital in May of 2020, and the application was approved by CMS on March 25, 2021, with an effective date of April 1, 2020. Patient counts determined that the state was not in an IMD status between April 1, 2020 and May 1, 2021. Subsequently, the State recouped some of the general revenue that supplemented the loss in federal funds in FY2020 and the beginning of FY2021.

The FY2023 Budget as Enacted approved a proposal for a separately licensed psychiatric hospital, funded entirely by general revenue. The separately licensed hospital is anticipated to bring patient counts at ESH back into compliance, allowing the State to once again resume billing Medicaid.

Status Update: The Rhode Island State Psychiatric Hospital (RISPH) was licensed in October of 2022 and began operations on November 1, 2022, two months ahead of the anticipated start date of January 1, 2023.

Zambarano Long-Term Acute Care Hospital: The FY2023 Budget as Enacted included \$108.2 million in Rhode Island Capital Plan funds, formally budgeted within the Department of Administration (DOA), to construct a new 110 bed long-term care facility on the Zambarano campus of Eleanor Slater Hospital. The new footprint ensures that the State is in compliance with federal regulations and transforms the State's long-term acute care hospital into a newly constructed long-term care facility. The new Zambarano building would be licensed as a mixed-use facility for skilled nursing, custodial care, intermediate care, and traumatic brain injury. Project funding began in FY2023 and stretches through FY2028, including \$6.6 million in FY2024.

Consent Decree

The State has been under a Consent Decree with the United States Department of Justice since 2014 for violating the Olmstead Decision of the Americans with Disabilities Act. The United States Department of Justice, focusing specifically on sheltered workshops, concluded that the State's services for individuals with developmental disabilities were not adequately integrated within the community. The State subsequently entered into a Consent Decree, which requires the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH) to foster more supportive and less isolated employment opportunities and day services for individuals with intellectual and developmental disabilities. Employment placements must be typical jobs that pay at least minimum wage and support employment for 20 hours or more per week. The Consent Decree requires funding to support a reformed system of care within the Division of Developmental Disabilities (DD) until FY2024.

In order to achieve compliance with the Consent Decree by FY2024, the State and the federal government have agreed to an action plan. The action plan requires the State to increase wages to Direct Support Professionals (DSPs) to \$20 an hour by FY2024. The State is also required to conduct a rate review process

in FY2023 and to include the Developmental Disabilities program in the semi-annual Caseload Estimating Conference. The action plan also required the State to establish a transformation fund and a technology fund.

Consent Decree Update: The FY2023 Budget as Enacted included \$35.1 million all funds to increase the average DSP wage from \$15.75 to \$18.00 per hour. The FY2024 Budget includes funding to meet the final wage requirement of the consent decree and increase DSP wages further to \$20 per hour, as well as additional funding to increase DSP wages to an average of \$22 per hour following the findings of the required rate review report which was delivered to the Department in December 2022. The Department was included in the Caseload Estimating Conference starting in November of 2021. The FY2024 Budget as Enacted includes funding and language for the transformation and technology funds.

CENTRAL MANAGEMENT

The Office of the Director provides overall management and policy direction for the Department. The program oversees most functions within BHDDH. The program’s functions include Management and Administration, Legislative Affairs, Constituent Affairs, Advocacy, Hospital Appeals, Strategic Planning, Community and Provider Involvement, and Public Education. The program also centralizes emergency management, asset management, and capital projects, performance improvement, and funds development for the Department.

Central Management	General Revenue
FY2023 Enacted	\$4,900,015
<i>Target and Other Adjustments</i>	23,284
Salary and Benefit Adjustments	(3,097,547)
Centralized Services (statewide adjustment)	929,528
Vacant Position Freeze	(273,141)
Turnover	(36,829)
FY2024 Enacted	\$2,445,310

Salary and Benefit Adjustments **(\$3.1 million)**

The Budget reduces salary and benefit expenses by \$3.1 million to reflect changes to the agency’s cost allocation plan. The Department experiences a large amount of cross-program work and has historically budgeted salary and benefits primarily within the home program and reallocated to other programs at the end of the year. The reallocation is done by a private contractor and identifies how much time a given person spent working in each Department program. In order to more efficiently budget for where the positions are typically reallocated, the FY2024 Budget shifts position expenses across programs to create a more accurate representation of what the likely end-of-year reallocation will be. This results in a \$3.1 million decrease in general revenues within Central Management as compared to the FY2023 Budget as Enacted.

Vacant Position Freeze **(\$273,141)**

The Budget decreases general revenues by \$273,141 related to the freezing of two vacant positions. The program has two vacant Associate Director positions which may be unnecessary following a potential restructuring of the Director’s Office. The savings represents holding these two positions, which are approximately 25.0 percent funded through federal funding, vacant through FY2024 to meet the Department’s FY2024 target.

Turnover **(\$36,829)**

The Budget decreases general revenues by \$36,829 related to the restoring of turnover savings within the Department. In September 2022, a public hearing determined salary increase for twelve agency directors,

including BHDDH. The Budget restores turnover savings in the amount of the increase in Agency Director salaries in order to absorb the cost of the increase.

HOSPITAL AND COMMUNITY SYSTEM SUPPORT

The Hospital and Community System Support program provides financial management support for the entire Department, including the hospital and community patient care facilities. Operational areas within the program include Budget Development, Program Analysis, Business Services, Accounting, and Financial Control, Federal Grants, Contract Management, Revenue Collection, Billing and Accounts Receivable, Patient Resources and Benefits, Rate Setting, and Financial Reporting.

Hospital and Community System Support	General Revenue
FY2023 Enacted	\$2,791,946
<i>Target and Other Adjustments</i>	
Salary and Benefit Adjustments	(9,648)
Centralized Services (statewide adjustment)	(1,672,287)
Enhanced Turnover Savings	350,197
FY2024 Enacted	(\$200,000)

Salary and Benefit Adjustments **(\$1.7 million)**

The Budget reduces salary and benefit expenses by \$1.7 million to reflect changes to the agency's cost allocation plan. The Department experiences a large amount of cross-program work and has historically budgeted salary and benefits primarily within the home program and reallocated to other programs at the end of the year. The reallocation is done by a private contractor and identifies how much time a given person spent working in each Department program. In order to more efficiently budget for where the positions are typically reallocated, the FY2024 Budget shifts position expenses across programs to create a more accurate representation of what the likely end-of-year reallocation will be. This results in a \$1.7 million decrease in general revenues within Hospital and Community System Support as compared to the FY2023 Budget as Enacted.

Enhanced Turnover Savings **(\$200,000)**

The Budget decreases general revenues by \$200,000 due to turnover savings from vacant positions. The decrease represents the freezing of 1.0 FTE position in the Data Unit for half of the fiscal year and 1.0 FTE Associate Director position for the full year. The 1.0 Data Unit position is not intended to be filled until halfway through the fiscal year, and the 1.0 Associate Director position is not scheduled to be hired until the beginning of FY2025.

BEHAVIORAL HEALTHCARE SERVICES

The Division of Behavioral Healthcare Services is comprised of two subprograms: Integrated Mental Health Services, and Substance Use Disorder Treatment and Prevention Services. The Division plans, coordinates, and administers a comprehensive system of mental health promotion and substance use disorder prevention, intervention, and treatment activities. The program, primarily funded by federal grants, provides screening, early interventions, referrals, clinical treatment services, and recovery support activities. The program coordinates with other departments and agencies in the State, including the criminal justice system, public healthcare system, child welfare, education, and other allied human service entities.

Behavioral Healthcare Services	General Revenue
FY2023 Enacted	\$2,969,495
<i>Target and Other Adjustments</i>	
Salary and Benefit Adjustments	1,245,883
Centralized Services (statewide adjustment)	476,950
Sub-Grant Adjustment	(284,980)
Resource Development Recovery	(40,000)
State Opioid Response Grant	(39,000)
UNAP Contract (statewide adjustment)	36,557
Thresholds Admin	(30,000)
FY2024 Enacted	\$4,345,293

Behavioral Healthcare Services	Other Funds Changes
Federal Funds Changes	(\$8,150,505)
Restricted Receipt Changes	3,945,000

Salary and Benefit Adjustments **\$1.2 million**

The Budget increases salary and benefit expenses by \$1.2 million to reflect changes to the agency’s cost allocation plan. The Department experiences a large amount of cross-program work and has historically budgeted salary and benefits primarily within the home program and reallocated to other programs at the end of the year. The reallocation is done by a private contractor and identifies how much time a given person spent working in each Department program. In order to more efficiently budget for where the positions are typically reallocated, the FY2024 Budget shifts position expenses across programs to create a more accurate representation of what the likely end-of-year reallocation will be. This results in a \$1.2 million increase in general revenues within Behavioral Healthcare Services as compared to the FY2023 Budget as Enacted.

Sub-Grant Adjustment **(\$284,980)**

The Budget decreases general revenues by \$284,980 related to sub-grant adjustments, including allocations related to the division’s underage tobacco enforcement program, a portion of which is required to be state funded, and recovery housing.

Resource Development Recovery **(\$40,000)**

The Budget reduces general revenue expenditures by \$40,000 to represent a reallocation of funds within the Behavioral Healthcare Services program. Substance Abuse and Mental Health block grants allow for certain salary and fringe costs to be charged within the Resource Development category. In order to maximize grant dollars, the Budget charges appropriate expenditures to these categories, reducing general revenue expenditures on salary and benefits within the program.

State Opioid Response Grant **(\$39,000)**

The Budget reduces general revenue expenditures by \$39,000 to represent savings resulting from the start of a new State Opioid Response (SOR) grant. The Department received a new \$7.4 million federal SOR grant beginning on October 1, 2022. Administrative service costs for SOR grants were previously funded through general revenues, but the new grant allows for the services to be covered by the grant itself, resulting in a reduction of general revenue expenses.

Thresholds Admin **(\$30,000)**

The Budget decreases general revenues by \$30,000 due to the expiration of a contract with RIHousing related to the Thresholds program. The Thresholds Program provides funding to increase housing supply for individuals with serious behavioral healthcare needs, developmental disabilities, or substance use disorders. In previous years, funding was allocated to contract Rhode Island Housing for administrative tasks related to the use of RICAP funding for the Thresholds program. The contract is no longer needed as

the program has moved from RICAP to general revenue funding, and therefore the Budget eliminates the general revenue allocation for RIHousing.

Federal Funds Changes **(\$8.2 million)**

The Budget includes a reduction of federal funds by \$8.2 million as compared to the FY2023 Budget as Enacted for the following initiatives:

- **Federal Grant Changes – (\$9.5 million):** The Budget reduces a variety of federal funds by \$9.5 million within the Behavioral Healthcare Services program. The following table illustrates the various federal grant adjustments.

Federal Grant Adjustments	FY2022 Actuals	FY2023 Enacted	FY2023 Revised	Change from Enacted	FY2024 Enacted	Change from Enacted
ARPA: Substance Abuse Prevention & Treatment Block Grant	\$0.1	\$5.3	\$2.7	(\$2.5)	\$2.7	(\$2.6)
Block Grants for Community Mental Health Services	0.3	1.6	2.1	0.5	0.6	(1.0)
ARPA: Mental Health Block Grant	0.1	4.1	2.3	(1.8)	2.3	(1.8)
Substance Abuse Prevention and Treatment Block Grant	2.5	3.8	3.1	(0.7)	2.0	(1.8)
Title XX Social Services Block Grant	0.4	1.1	1.1	0.0	1.1	0.0
Substance Abuse Block Grant	9.1	7.6	8.2	0.6	8.2	0.6
Mental Health Block Grant	4.0	5.9	3.0	(2.9)	3.1	(2.9)
Total	\$16.4	\$29.5	\$22.6	(\$6.8)	\$20.0	(\$9.5)

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

- **State Opioid Response – \$1.7 million:** The Budget increases federal funds by \$1.7 million for the State Opioid Response (SOR) program. The SOR program aims to address the opioid crisis by increasing prevention, treatment, and recovery activities for substance use disorders. The FY2024 increase includes adjustments to existing grant funding as well as a new grant award which began in October of 2022.
- **Primary and Behavioral Healthcare Grant – (\$1.2 million):** The Budget decreases federal funds by \$1.2 million related to the federal Promoting Integration of Primary and Behavioral Health Grant. The grant, which promotes collaboration between primary and behavioral healthcare as well as supports integrated care models, is set to expire on December 31, 2023.
- **ARPA SFRF: Crisis Intervention Trainings – \$1.1 million:** The Budget increases federal State Fiscal Recovery Funds (SFRF) by \$1.1 million for the Crisis Intervention Trainings (CIT) program. CIT programs use a community-based approach to improve outcomes of mental health crises with the use of community partnerships, training, and identification of mental health resources. The FY2023 Budget as Enacted included \$550,000 per year in FY2024-FY2026. The FY2024 Budget as Enacted keeps total project funding at \$2.2 million but consolidates the appropriation to FY2024 to comply with the U.S. Treasury rules for obligation of SFRF funds.
- **ARPA SFRF: 988 Hotline – (\$275,000):** The Budget includes a reduction of \$275,000 in State Fiscal Recovery Funds (SFRF) funds as compared to the FY2023 Budget as Enacted for the 988 National Suicide Prevention Hotline. The FY2023 Budget as Enacted included an appropriation of \$1.9 million in SFRF funds. The FY2024 Budget provides an additional \$1.6 million for FY2024, \$275,000 less than the FY023 Enacted Budget, as the project continues to search for a permanent funding source. This brings the total project funding for the hotline to \$3.5 million.

Restricted Receipts Changes **\$3.9 million**

The Budget includes a net \$3.9 million increase in restricted receipts funds for the following initiatives related to opioid abatement.

- Opium Abatement Budget – \$5.1 million:** The Budget adds \$5.1 million in restricted receipts for the BHDDH allocation of the Statewide Opium Abatement Account. In January 2022, Rhode Island joined the national opium settlement with three major opium distributors, providing funding for state and local efforts to address the state’s opium crisis. Of these abatement funds, 20.0 percent are mandated to go directly to participating cities and towns, and 80.0 percent are mandated to be allocated by the Executive Office of Health and Human Services (EOHHS). All funds in the account are to be used solely for opium abatement purposes, including opium use disorder prevention, intervention, treatment, and recovery. FY2024 fund allocations are illustrated in the table below.

Opium Abatement Programs	Recommended Funding Level
Critical Housing Need Programs	\$2,620,000
MAT Coverage for Undocumented and Uninsured	550,000
SUD Residential and Workforce Supports	600,000
Youth Prevention Programming	575,000
BIPOC Youth Programming	800,000
Total Program Funding	\$5,145,000

- Critical Housing Needs Programs – \$2.6 million:** The Opium Settlement Advisory Committee allocated \$2.6 million in additional funding for FY2024 to sustain programs from FY2023 related to critical housing needs. These projects prioritize funding housing for people who use drugs and/or people in recovery, as well as for wrap-around social services to accompany housing services.
 - MAT Coverage for Undocumented and Uninsured - \$550,000:** These funds are allocated to sustain FY2023 allocations for covering Medication-Assisted Treatment (MAT) treatment services for those who are uninsured and/or undocumented.
 - SUD Residential and Workforce Supports - \$600,000:** These funds are allocated to sustain FY2023 allocations for Substance Use Disorder (SUD) providers to support residential services and the SUD workforce.
 - Youth Prevention Programming - \$575,000:** Youth Prevention Programming focuses on investment in school-based mental health programs. It is anticipated that this allocation can be shared with the Black, Indigenous, and People of Color (BIPOC) Youth program to sustain both youth prevention programs in FY2024.
 - BIPOC Youth Programming - \$800,000:** These funds are allocated to allow the prevention work done in Youth Prevention Programming projects to be expanded to focus on BIPOC youth through either contract modifications or a new procurement.
- Opium Stewardship Fund Adjustment – (\$1.2 million):** The FY2024 Budget includes \$1.9 million in restricted receipts from the Opium Stewardship Fund for opium-related treatment services, reflecting a decrease of \$1.2 million as compared to the FY2023 Budget as Enacted. The FY2020 Budget as Enacted established an annual, restricted, \$5.0 million Opium Stewardship Fund requiring all licensed manufacturers, distributors, and wholesalers to contribute towards the fund through a registration fee. The FY2024 allocation for BHDDH is programed as follows:
 - MAT Services - \$500,000:** These funds are allocated to Medication-Assisted Treatment (MAT) programs, a decrease of \$750,000 relative to the FY2023 Budget as Enacted.
 - Recovery Housing - \$900,000:** Recovery Housing overall funding is estimated at approximately \$1.8 million, with \$900,000 coming from the State Opium Response Grant and \$900,000 from the Opium Stewardship Fund (OSF). The funds from the OSF are specifically for clients who do not have an opium or stimulant addiction.
 - Substance Abuse Prevention Task Forces - \$500,000:** These funds represent the portion of the Opium Stewardship Fund allocation which must be distributed equally to the seven Regional Substance Abuse Prevention Task Forces to fund priorities as determined by each Task Force.

SERVICES FOR THE DEVELOPMENTALLY DISABLED

The Division of Developmental Disabilities (DD) supports a statewide network of programs for adults with developmental disabilities. These supports include several levels of residential care, community placements, day programs, and respite programs. The program works to provide access to appropriate services in the least restrictive environment possible. The program manages a population that ranges from those previously institutionalized at the Ladd School, before the closure of the facility in 1994, to those with mild functional disabilities in need of daytime supports and vocational training to function within the community.

The program serves approximately 4,500 individuals through State-run programs and community-based providers, including those who receive case management services. The system consists of 24-hour, nursing-level facilities; the State group home system, otherwise known as Rhode Island Community Living and Supports (RICLAS); and a private residential provider network. As of January, 2023, 1,537 individuals were served in residential placements, including 418 in Shared Living Arrangements. DD clients are also served through day programs, supportive employment, and programs that provide support to allow individuals to continue living with their families. Many clients are served by more than one program.

As required by the Consent Decree and RIGL 35-17-1, Services for the Developmentally Disabled were included in the Caseload Estimating Conference for the first time in November 2021.

The Budget includes \$469.1 million from all funds for the Division in FY2024, including \$207.6 million from general revenue. This is \$34.2 million more in general revenue than the FY2023 Budget as Enacted and \$68.4 million more than actual general revenue expenditures in FY2022.

Services for the Developmentally Disabled	General Revenue
FY2023 Enacted	\$173,368,833
<i>Target and Other Adjustments</i>	
Developmental Disabilities Rate Remodel	(5,505,542)
DSP Wage Increase	20,935,465
Caseload Conference Adjustments	12,259,290
Enhanced FMAP Phase Out	5,293,307
Centralized Services (statewide adjustment)	699,072
Consent Decree Positions (2.0 FTE positions)	(506,371)
Vehicle Expenses	495,394
Conflict Free Case Management Information Technology Contract	174,446
UNAP Contract (statewide adjustment)	174,300
FY2024 Enacted	\$207,551,352

Developmental Disabilities Rate Remodel

\$20.9 million

The Budget increases general revenues by \$20.9 million (\$47.3 million all funds) to reflect increased funding for the Department's rate remodel as required by the Consent Decree Action Plan. In addition to a series of starting wage increases, the Consent Decree required that the Department conduct a rate review process in FY2023. A report with the rate reviews findings was delivered to the Department in December 2022, and included recommendations for increasing the starting wages to an average of \$22 per hour, the consolidation and addition of services within the program, and additional rate increases in areas such as transportation services. A Governor's Budget Amendment dated April 17, 2023 increases general revenues by \$20.0 million (\$44.2 million all funds) to reflect the findings of this report. An additional Governor's Budget Amendment dated May 24, 2023 increases general revenues by \$935,465 (\$3.1 million all funds) to reflect further adjustments following the May Caseload Estimating Conference. This brings total funding for the Department's rate remodel and wage increases to \$75.0 million all funds.

DSP Wage Increase**\$12.3 million**

The Budget increases general revenues by \$12.3 million as compared to the FY2023 Budget as Enacted to support the increase of the starting wage for Direct Support Professionals (DSPs) at Developmental Disability Organizations to \$20 per hour from the current rate of \$18 per hour. The Governor's Recommended Budget included \$13.9 million based on the caseload numbers adopted at the previous year's Caseload Estimating Conferences. The Caseload Estimating Conference in May of 2023 rebased the estimate for this category down by \$1.7 million in general revenues following new caseload estimates for FY2024, bringing total funding for the initiative to \$12.3 million in general revenues (\$27.7 million all funds). The wage increase is pursuant to the Consent Decree Action Plan, which mandated the increase of the starting wage of DSPs to \$20 per hour by FY2024. This mandated increase is separate from the recommended increase to \$22 per hour included in the findings of the rate review report, as discussed above.

Caseload Conference Adjustments**\$5.3 million**

Each November and May, the Caseload Estimating Conference (CEC) estimates expenditures for human services and medical entitlement programs for the current and budget years. These adopted expenditure levels determine the appropriations for the Governor's and Enacted Budgets. The May 2023 CEC projected general revenue expenditures of \$152.7 million in the Services for the Developmentally Disabled program, or \$5.3 million more than the FY2023 Budget as Enacted.

Enhanced FMAP Phase Out**\$699,072**

The Budget increases general revenues by \$699,072 within the Rhode Island Community Living and Supports (RICLAS) subprogram. This adjustment aligns funding in this program with the final enhanced Federal Medical Assistance Percentage (FMAP) as outlined in the Consolidated Appropriations Act (CAA) of 2023, as well as corrects for an inadvertent funding source misallocation included in the Governor's Recommended Budget for FY2024. The increase has a corresponding decrease in federal funds.

Consent Decree Positions (2.0 FTE positions)**\$495,394**

The Budget adds \$495,394 to the program to provide additional resources for positions related to the Consent Decree. The increase represents a redistribution of resources across the Private Community Developmentally Disabled Services and Rhode Island Community Living and Supports (RICLAS) programs within the Developmentally Disabled Services program. The result is an increase of 2.0 positions compared to the Department's FY2023 FTE authorization along with the reallocation of 8.0 vacant FTE positions. These positions will support the rate remodel process as well as the ongoing implementation of the Consent Decree.

Vehicle Expenses**\$174,446**

The Budget increases general revenues by \$174,446 related to an increased need for vehicles in the RICLAS program. This one-time funding is expected to be subject to FMAP matching, and the Budget includes a corresponding \$211,071 increase in federal funds.

Conflict Free Case Management Information Technology Contract**\$174,300**

The Budget increases general revenues by \$174,300 (\$1.7 million all funds) to reflect additional financing for an information technology contract used in the implementation of the statewide conflict-free case management program.

HOSPITAL AND COMMUNITY REHABILITATION SERVICES

The Hospital and Community Rehabilitation Services Program provides a continuum of treatment and residential options for psychiatric and developmentally disabled clients. The Hospital facilities are licensed by the Department of Health (DOH) and accredited by the national board for health care organizations, the Joint Commission on Accreditation of Healthcare Organizations (JCAHO). The Eleanor Slater Hospital (ESH) has two campuses, the Pastore Center in Cranston and the Zambarano Campus in Burrillville.

Hospital and Community Rehabilitation Services	General Revenue
FY2023 Enacted	\$88,307,069
<i>Target and Other Adjustments</i>	<i>(1,508,759)</i>
ESH Program Adjustments	(28,370,951)
Centralized Services (statewide adjustment)	4,916,151
ESH Hospital License Fee	(2,091,077)
Medicare Part D Resumed Billing	(1,800,000)
UNAP Contract Adjustment (statewide adjustment)	1,297,983
Non-Medicaid Reimbursements	(1,100,000)
ESH Hospital Improvements	1,000,000
Enhanced FMAP Phase Out	(796,602)
CRF Adjustment	251,621
Bed Rental Savings	(200,000)
Vehicle Expenses	162,380
FY2024 Enacted	\$60,067,815

ESH Program Adjustments **(\$28.4 million)**

The Budget decreases general revenue expenditures by \$28.4 million to reflect changes in the Eleanor Slater Hospital's census and operations as well as resumed Medicaid billing following the opening of the new Rhode Island State Psychiatric Hospital.

The FY2023 Budget as Enacted included approval for the establishment of a separately licensed psychiatric hospital in order to bring the patient counts at ESH back in compliance following an issue with the hospital's Institute of Mental Disease (IMD) exclusion status. The Rhode Island State Psychiatric Hospital (RISPH) was scheduled to begin operations on January 1, 2023, however the timeline was later adjusted and the RISPH began operations on November 1, 2022, two months ahead of schedule. The establishment and operation of the RISPH moves about 30.0 percent of existing ESH activity out of ESH and into the newly established program, as well as allows the State to resume billing Medicaid by resolving the IMD status issue at ESH. The FY2023 Budget as Enacted was based on the original schedule of operations for the RISPH. The FY2024 Budget as Enacted further reduces general revenues based on a full year of operation, reflecting both decreased ESH activity and the general revenue savings resulting from resumed Medicaid billing.	Eleanor Slater Hospital Changes by Category	FY2023 Enacted	FY2024 Enacted	Change to Enacted
	Assistance and Grants	\$9.5	\$6.4	(\$3.2)
	Capital Purchases and Equipment	0.4	0.2	(0.1)
	Contract Professional Services	2.5	3.2	0.7
	Operating Supplies and Expenses	10.2	5.8	(4.5)
	Salary and Benefits	56.0	34.7	(21.3)
	Total	\$78.6	\$50.2	(\$28.4)

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

ESH Hospital License Fee **(\$2.1 million)**

The Budget decreases general revenues by \$2.1 million to reflect changes to the hospital license fee at Eleanor Slater Hospital (ESH). A Governor's Budget Amendment dated May 24, 2023, reduces the hospital license fee for state government owned hospitals in Article 9 from 5.42 percent to 5.25 percent for FY2024. This brings the ESH license fee payment to \$688,004 down from the \$2.8 million included in the FY2023 Budget as Enacted. This adjustment decreases general revenues accordingly.

Medicare Part D Resumed Billing **(\$1.8 million)**

The Budget includes a general revenue reduction of \$1.8 million for pharmaceutical savings related to the opening of the Rhode Island State Psychiatric Hospital and the resumption of Medicaid billing at Eleanor Slater Hospital. Medicaid billing is expected to resume in the second quarter of FY2023, and FY2024 is

expected to have a full year of Medicaid Part D billing. This decrease has a corresponding increase in other funds to represent where the expenditures, related to pharmaceuticals, will take place.

Non-Medicaid Reimbursements ***(\$1.1 million)***

The Budget includes a general revenue reduction of \$1.1 million for savings related to the opening of the Rhode Island State Psychiatric Hospital and the resumption of Medicaid billing at Eleanor Slater Hospital (ESH). With resumed Medicaid billing expected to begin in the second quarter of FY2023, ESH is anticipated to resume utilization of applied income revenue collection, which will offset general revenues. The decrease of \$1.1 million represents anticipated savings in FY2024, when ESH is expected to have a full year of Medicaid billing.

ESH Hospital Improvements ***\$1.0 million***

The Budget increases general revenues by \$1.0 million to account for the shift of funding from FY2023 to FY2024 for expenses related to ligature risk compliance projects at Eleanor Slater Hospital.

Enhanced FMAP Phase Out ***(\$796,602)***

The Budget reduces general revenues within the Hospital and Community Rehabilitation Services program by \$796,602 to align funding in the program with the final enhanced Federal Medical Assistance Percentage (FMAP) rate for FY2024. The amendment adjusts for the phase down of the temporary enhanced FMAP through the first two quarters of FY2024 as included in the Consolidated Appropriations Act (CAA) of 2023. This decrease has a corresponding increase in federal funds.

CRF Adjustment ***\$251,621***

The Budget increases general revenues by \$251,621 to reflect the shifting of Covid Relief Funds (CRF). Some CRF were inadvertently requested beyond the end of their availability, which ended on September 30, 2022. The Budget decreases federal CRF allocations correspondingly and transfers the expenses to general revenues and non-CRF federal funding.

Bed Rental Savings ***(\$200,000)***

The Budget includes a general revenue decrease of \$200,000 related to bed rentals at Eleanor Slater Hospital. The Department recently purchased hospital beds, decreasing the number of beds that need to be rented. This decrease represents the savings incurred by the reduction in rentals.

Vehicle Expenses ***\$162,380***

The Budget increases general revenues by \$162,380 related to an increased need for vehicles at Eleanor Slater Hospital. This one-time funding is expected to be subject to FMAP matching, and the Budget includes a corresponding \$196,470 increase in federal funds.

STATE OF RHODE ISLAND PSYCHIATRIC HOSPITAL

The State of Rhode Island Psychiatric Hospital (RISPH) is a newly established program within BHDDH for a separately-licensed facility on the Pastore Center in Cranston to treat individuals who need psychiatric care. The facility became licensed on October 25, 2022, and treats psychiatric and court-ordered forensic patients who have serious mental illnesses.

Rhode Island State Psychiatric Hospital	General Revenue
FY2023 Enacted	\$30,662,874
<i>Target and Other Adjustments</i>	
Contract Professional Services Adjustments	983,675
Salary and Benefit Adjustments	2,791,001
Operating Cost Adjustments	(1,986,923)
Centralized Services (statewide adjustment)	1,459,641
Operating Cost Shift	1,038,091
FY2024 Enacted	\$35,216,359

Contract Professional Services Adjustments **\$2.8 million**

The Budget increases general revenues by \$2.8 million for costs related to hospital operations following the earlier than expected opening of the facility. The FY2023 Budget as enacted assumed that the RISPH would begin operations on January 1, 2023. The timeline was later amended as the hospital opened on November 1, 2022. The Budget increases general revenues within Contract Professional Services to reflect the additional two months of operations, including medical and security services.

Salary and Benefit Adjustments **(\$1.9 million)**

The Budget reduces salary and benefit expenses by \$1.9 million to reflect changes to the cost allocation plan. The Department experiences a large amount of cross-program work and has historically budgeted salary and benefits primarily within the home program and reallocated to other programs at the end of the year. The reallocation is done by a private contractor and identifies how much time a given person spent working in each Department program. In order to more efficiently budget for where the positions are typically reallocated, the FY2024 Budget shifts position expenses across programs to create a more accurate representation of what the likely end-of-year reallocation will be. This results in a \$1.9 million decrease in general revenues within the Rhode Island State Psychiatric Hospital program as compared to the FY2023 Budget as Enacted.

Operating Cost Adjustments **\$1.5 million**

The Budget increases general revenues by \$1.5 million for costs related to hospital operations following the earlier than expected opening of the facility. The FY2023 Budget as Enacted assumed that the RISPH would begin operations on January 1, 2023. The timeline was later amended as the hospital opened on November 1, 2022. The Budget increase general revenues within Operating Supplies and Expenses to reflect the additional two months of operations, including costs for food, janitorial and medical supplies, and pharmaceuticals.

Operating Cost Shift **\$268,000**

The Budget increases general revenues by \$268,000 to shift funding for FY2023 to FY2024 for operating purchases unable to be completed in FY2023 due to supply chain delays.

CAPITAL PROJECTS

The FY2024 Budget includes \$400,000 in Rhode Island Capital Plan (RICAP) funds within the Department, as well as \$6.6 million within the Department of Administration (DOA) for the following projects:

- **Zambarano Long-Term Care Facility:** The FY2023 Budget as Enacted included \$108.2 million in RICAP funds from FY2023 to FY2028 to construct a new 110 bed long-term care facility on the Zambarano campus. The new building would be licensed as a mixed-use facility for skilled nursing, custodial care, intermediate care, and traumatic brain injury. The FY2024 Budget includes \$6.6 million for the project, formally budgeted through the Department of Administration.

- **Developmental Disabilities Residential Support:** The Budget includes \$200,000 in FY2023 and \$100,000 annually from FY2024-FY2028 to finance capital equipment and furniture for individuals with developmental disabilities at state-owned facilities.
- **Hospital Equipment Asset Protection:** The Budget includes \$614,000 in FY2023 and \$300,000 annually from FY2024-FY2028 to finance the replacement of hospital equipment and hardware necessary for hospital operations and record maintenance.

Governor’s Commission on Disabilities

Expenditures By Program	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Enacted	Final	Enacted		Enacted	Enacted	
Governor's Commission on Disabilities	\$1.3	\$2.2	\$2.3	\$0.1	2.3%	\$2.0	(\$0.2)	-10.5%
Expenditures By Source								
General Revenue	\$1.0	\$1.8	\$1.8	\$0.1	4.6%	\$1.5	(\$0.2)	-12.0%
Federal Funds	0.3	0.4	0.4	-	0.0%	0.4	-	-
Restricted Receipts	0.0	0.1	0.1	(0.0)	-34.5%	0.1	(0.0)	-26.2%
Total	\$1.3	\$2.2	\$2.3	\$0.1	2.3%	\$2.0	(\$0.2)	-10.5%
Authorized FTE Levels	4.0	5.0	5.0	-	-	5.0	-	-

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

The Governor’s Commission on Disabilities advocates for individuals with disabilities, expands economic opportunities for businesses owned by or employing individuals with disabilities and their families, and ensures that individuals with disabilities have access to government. The Commission is responsible for coordinating compliance by state agencies with federal and state disability rights laws.

MAJOR ISSUES AND TRENDS

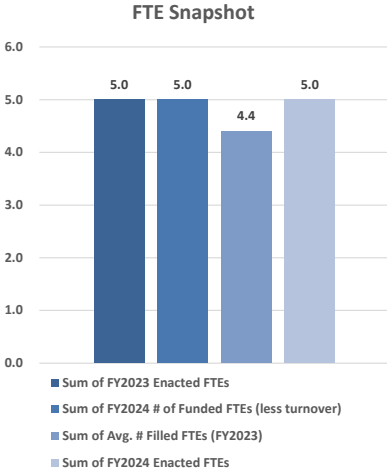
The FY2023 Final Budget includes \$2.3 million in all funds, of which \$1.8 million is general revenue. This reflects a general revenue increase \$83,031. Offsetting the general revenue increase are decreases of \$28,662 in restricted receipts and \$20 in federal funds. The result is an all funds decrease of \$54,349 from the FY2023 Budget as Enacted.

For FY2024, the Budget includes \$2.0 million, of which \$1.5 million is general revenue. This reflects a general revenue decrease of \$209,650. The most significant change is the decrease of \$219,044 in the Livable Homes Modification Program.

In addition, there are decreases of \$22,104 in restricted receipts and \$20 in federal funds, resulting in an all funds decrease of \$231,774 from the FY2023 Budget as Enacted.

The Budget includes \$766,699 in general revenue for continued funding of the Livable Homes Modification Program.

The Budget includes 5.0 FTE positions in FY2023 and in FY2024, consistent with the enacted level.



Governor's Commission on Disabilities	General Revenue
FY2023 Enacted	\$1,752,601
Target and Other Adjustments	9,394
Livable Home Modification Grants	(219,044)
FY2024 Enacted	\$1,542,951

Livable Home Modification Grants**(\$219,044)**

The Budget includes \$766,699 in general revenue for the Livable Home Modification grant program, reflecting a decrease of \$219,044 from the previous fiscal year.

The Governor’s Commission on Disabilities (GCD) has administered the Livable Home Modification grant program since January 2018. The grant program allocates funding for home modification projects to allow people to stay in their homes longer and decrease the length and frequency of nursing home stays. Improvements include bathroom modifications, wheelchair ramps, and stability rails, along with other home modifications. Since inception, the Commission has awarded and paid \$2.0 million for 755 awards.

Fiscal Year	# of Grants		Amount
	Awarded	# Paid	Paid
FY2018	49	27	\$86,304
FY2019	170	161	423,794
FY2020	162	165	451,517
FY2021	109	110	303,646
FY2022	203	159	404,622
FY2023	135	133	350,309
Total	828	755	\$2,020,192

Source: Commission on Disabilities
FY2023 as of March 15, 2023

The FY2022 Budget as Enacted codified the current Livable Home Modification Grant program (RIGL 42-51-13) with a hard grant amount of 50.0 percent of the modification cost. In addition, the FY2022 Budget as Enacted included proviso language requiring all unexpended or unencumbered funds be reappropriated to the ensuing fiscal year.

The Budget continues funding for the Livable Home Modification Grant Program and includes \$1.1 million in general revenue to support the Livable Home Modification Grant Program in the FY2023 Final Budget. The program received an additional \$500,000 appropriation in FY2023 to cover a projected surge in post-pandemic applications for assistance. The FY2024 Budget includes \$766,699 in general revenue to support the Livable Home Modification Grant Program. The proposed appropriation does not include further “surge” funding for the program.

Approximately 91.0 percent of the appropriations will be used on grant awards in FY2023 and 95.0 percent is projected to be spent on grant awards in FY2024. The Commission tracks the project awards by the fiscal year in which they are awarded. The project and award are carried forward into succeeding fiscal years until the project is completed.

The following table illustrates the appropriation and expenditures of the program.

Livable Homes Modification	FY2021 Actual	FY2022 Actual	FY2023 Enacted	FY2023 Final	FY2024 Enacted	Change
Salary and Benefits	\$0	(\$4,379)	\$3,413	\$4,201	\$4,428	\$1,015
Contract Services	14,312	5,820	47,095	41,320	41,320	(5,775)
Operating Costs	1,104	80	1,461	3,646	3,678	2,217
Grants and Awards	305,006	459,038	933,774	1,054,948	717,273	(216,501)
Total	\$320,422	\$460,559	\$985,743	\$1,104,115	\$766,699	(\$219,044)

Commission on the Deaf and Hard of Hearing

Expenditures by Program	FY2022 Final	FY2023 Enacted	FY2023 Revised	Change to Enacted		FY2024 Enacted	Change from Enacted	
Central Management	\$0.8	\$0.8	\$0.8	\$0.0	4%	\$0.9	\$0.1	6.3%
Total	\$0.8	\$0.8	\$0.8	\$0.0	4%	\$0.9	\$0.1	6.3%

Expenditures by Source	FY2022 Final	FY2023 Enacted	FY2023 Revised	Change to Enacted		FY2024 Enacted	Change from Enacted	
General Revenue	\$0.9	\$0.7	\$0.7	\$0.0	3%	\$0.8	\$0.0	6.6%
Restricted Receipts	(0.0)	0.1	0.1	0	6%	0.1	0.0	4.5%
Total	\$0.8	\$0.8	\$0.8	\$0.0	4%	\$0.9	\$0.1	6.3%

Authorized FTE Levels	4.0	4.0	4.0	-	0%	4.0	-	0%
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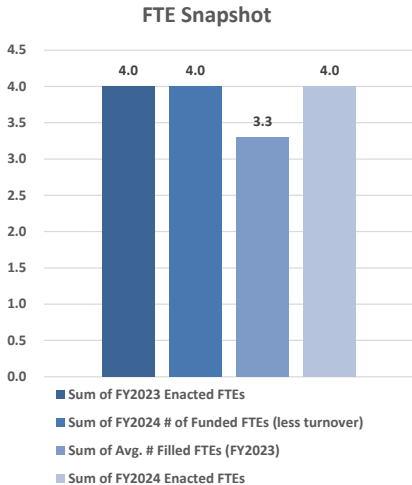
\$ in millions. Totals may vary due to rounding.

The Commission on the Deaf and Hard of Hearing (CDHH) advocates and coordinates the promotion of an environment in which deaf and hard of hearing persons in Rhode Island are afforded equal opportunity in all aspects of their lives. The CDHH develops policy and provides recommendations for programs and legislation that will enhance cooperation and coordination among agencies and organizations that currently serve, or have the potential to serve, the deaf and hard of hearing community.

MAJOR ISSUES AND TRENDS

The Budget includes total funding of \$868,675, including \$764,208 from general revenue for FY2024. General revenue increases by 6.6 percent from the FY2023 Budget as Enacted. The increases in general revenue are primarily due to the statewide adjustments and changes to centralized service charges.

The Budget authorizes 4.0 FTE positions in FY2024, consistent with the enacted budget.



Central Management	General Revenue
FY2022 Enacted	\$716,876
<i>Target and Other Adjustments</i>	
	5,436
Centralized Services (statewide adjustment)	29,017
Personnel Adjustments	12,879
FY2024 Enacted	\$764,208

Personnel Adjustments**\$12,879**

The Budget includes \$537,179 in personnel expenditures in FY2024. This is \$12,879 more than the enacted level and primarily associated with anticipated statewide increases in salaries, benefits, retirement, and other personnel costs.

Personnel Category	FY2023	FY2024		
	Enacted	Enacted	Change from Enacted	
Salary	\$322,516	\$321,446	(\$1,070)	-0.3%
Benefits	72,325	84,253	11,928	16.5%
Employee Retirement	104,786	107,031	2,245	2.1%
FICA	24,673	24,449	(224)	-0.9%
	\$524,300	\$537,179	\$12,879	2.5%

Office of the Child Advocate

Expenditures by Program	FY2022 Actual	FY2023 Enacted	FY2023 Final	Change from Enacted		FY2024 Enacted	Change from Enacted	
Central Management	\$1,088,616	\$1,494,065	\$1,497,060	\$2,995	0.2%	\$1,649,914	\$155,849	10.4%
Total	\$1,088,616	\$1,494,065	\$1,497,060	\$2,995	0.2%	\$1,649,914	\$155,849	10.4%

Expenditures by Source	FY2022 Actual	FY2023 Enacted	FY2023 Final	Change from Enacted		FY2024 Enacted	Change from Enacted	
General Revenue	\$1,033,943	\$1,494,065	\$1,485,060	(\$9,005)	-0.6%	\$1,649,914	\$155,849	10.4%
Federal Funds	54,673	-	12,000	12,000	100%	-	-	-
Total	\$1,088,616	\$1,494,065	\$1,497,060	\$2,995	0.2%	\$1,649,914	\$155,849	10.4%

Authorized FTE Levels	FY2022	FY2023	FY2023	Change from Enacted		FY2024	Change from Enacted	
Authorized FTE Levels	10.0	10.0	10.0	-	-	10.0	-	-

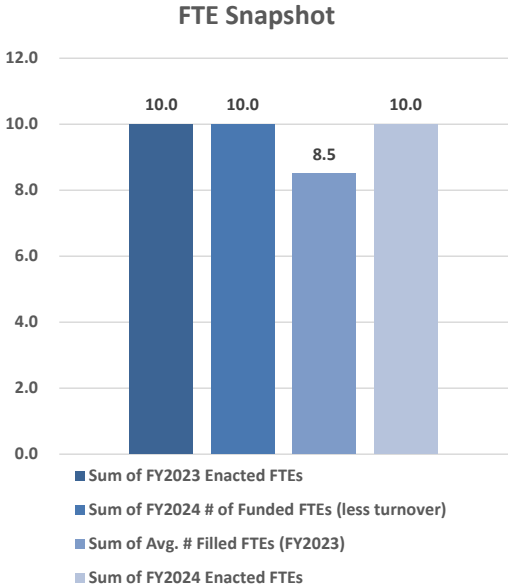
The Office of the Child Advocate (OCA) is mandated by statute to protect the legal, civil, and special rights of all children in the care of the Department of Children, Youth, and Families (DCYF). The Office strives to improve conditions and circumstances through monitoring, intervention, and advocacy. The Office reviews all youth residential programs, including the Rhode Island Training School, and oversees compliance of all DCYF-contracted providers. The General Assembly amended the Office’s statutory charge in both 2016 and 2019, further requiring the Child Advocate to investigate any child fatality or near fatality if:

- The child is involved with, or the child’s family previously received services from, DCYF;
- The incident involves alleged abuse or neglect and the child’s family had prior contact with DCYF; or
- The child’s sibling, household member, or daycare provider was the subject of a child abuse or neglect investigation within 12 months of the incident

MAJOR ISSUES AND TRENDS

In January 2018, the State and DCYF settled a long-standing class action lawsuit. The lawsuit, initially filed in 2007, demanded systemic reforms to the State’s child welfare system and cited deficiencies throughout DCYF, including excessive caseworker assignments and an inappropriate residential service array. The settlement, known as the Children’s Rights Settlement, outlined a number of new screening and reporting requirements for DCYF. The OCA acts as the federal monitor to the settlement and oversees DCYF’s progress towards meeting the established benchmarks.

The Budget provides \$1.6 million in general revenues for the Office in FY2024. This represents a \$155,849 (10.4 percent) increase in general revenues from the FY2023 Budget as Enacted. The FY2023 Budget as Enacted included no federal funding following the expiration of a Victims of Crime Act (VOCA) grant which previously partially funded two positions within the Office. The Office subsequently received an additional \$12,000 from a federal VOCA grant for FY2023 to be used for operating expenses as well as the Recipe for Success program. The funding is for FY2023 only, and therefore the FY2024 Budget includes no federal funds. The Budget authorizes and fully funds 10.0 FTE positions in FY2024. As of June 3, 2023, 9.0 positions are filled.



Office of the Child Advocate	General Revenue
FY2023 Enacted	\$1,494,065
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<i>Target and Other Adjustments</i>	<i>46,191</i>
Salary and Benefit Adjustments	58,118
Centralized Services (statewide adjustment)	32,369
Education Advocate Position Upgrade	19,171
FY2024 Enacted	\$1,649,914

Salary and Benefit Adjustments ***\$58,118***

The Budget includes an increase of \$58,118 in general revenues for position upgrades and salary adjustments. The FY2023 Budget as Enacted approved salary increases across the Agency, which were confirmed by public hearing in September 2022. The approved salary increases were not included in the FY2023 Governor's Recommended Budget and therefore represented an external estimate. The FY2024 Budget updates these personnel projections. The increase also represents increased outyear expenses from the upgrading of a Staff Attorney position in the FY2023 Budget as Enacted.

Education Advocate Position Upgrade ***\$19,171***

The Budget adds \$19,171 in general revenues to upgrade a position at the Office. The funding would allow the Office to convert a currently vacant Case Management Coordinator position into an Education and Information Coordinator position to provide support and oversight on educational issues related to children in state care. The upgrade does not impact the Office's total FTE authorization.

Office of the Mental Health Advocate

Expenditures by Program	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Enacted	Final	Enacted		Enacted	Enacted	
Central Management	\$716,645	\$973,329	\$900,494	(\$72,835)	-7.5%	\$976,078	\$2,749	0.3%
Total	\$716,645	\$973,329	\$900,494	(\$72,835)	-7.5%	\$976,078	\$2,749	0.3%

Expenditures by Source								
Expenditures by Source	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Enacted	Final	Enacted		Enacted	Enacted	
General Revenue	\$716,645	\$973,329	\$900,494	(\$72,835)	-7.5%	\$976,078	\$2,749	0.3%
Total	\$716,645	\$973,329	\$900,494	(\$72,835)	-7.5%	\$976,078	\$2,749	0.3%

Authorized FTE Levels	4.0	6.0	6.0	-	-	6.0	-	-
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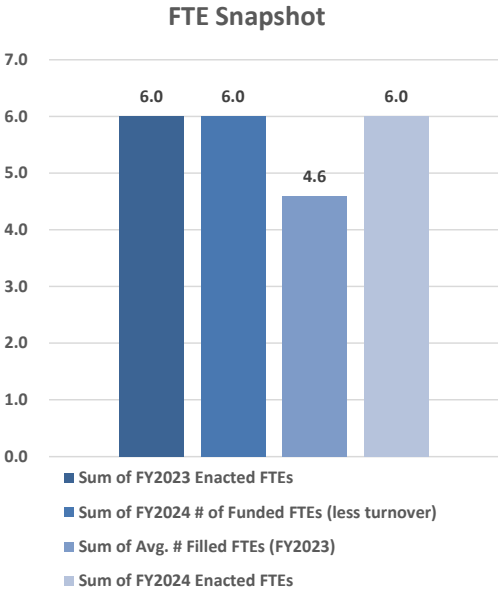
The Office of the Mental Health Advocate (OMHA) is statutorily mandated to protect the legal, civil, and special rights of people living with mental illness in Rhode Island. This includes providing legal representation at involuntary commitment proceedings, monitoring policies and procedures at inpatient treatment facilities and community-based health programs, proposing and evaluating legislation, and litigating civil and treatment rights disputes.

The Office also advocates for improvements in the mental health system by monitoring and evaluating the quality of services available to clients and combatting the stigmatization and discrimination associated with mental illness. The Office seeks to close gaps in the programs administered by mental health providers, including the shortcomings in services related to emergency hospitalizations, psychiatric care for prison inmates, and homelessness among individuals with chronic mental illness.

MAJOR ISSUES AND TRENDS

The FY2024 Budget includes \$976,078 from general revenues for the Office of the Mental Health Advocate. This represents a general revenue increase of \$2,749, or 0.3 percent, as compared to the FY2023 Budget as Enacted. The Office is funded entirely through general revenues.

The Budget authorizes and fully funds 6.0 FTEs in FY2024, consistent with the FY2023 authorization. As of June 3, 2023, the Office had 5.0 FTE positions filled and 1.0 FTE position vacant.



Office of the Mental Health Advocate	General Revenue
FY2023 Enacted	\$973,329
Target and Other Adjustments	21,486
Centralized Services (statewide adjustment)	(18,737)
FY2024 Enacted	\$976,078

Elementary and Secondary Education

Expenditures By Program	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Final	Enacted	Final	Enacted		Enacted	Enacted	
Administration of the Comprehensive Education Strategy	\$348.5	\$325.6	\$370.4	\$44.8	13.8%	\$323.9	(\$1.6)	-0.5%
Central Falls School District	48.7	69.8	59.0	(10.8)	-15.5%	60.3	(9.5)	-13.6%
Davies Career and Technical Center	21.8	29.3	23.5	(5.8)	-19.7%	33.3	4.0	13.6%
Rhode Island School for the Deaf	9.2	9.1	9.6	0.4	4.7%	9.8	0.7	7.7%
Metropolitan Career and Technical School	10.1	14.7	12.5	(2.2)	-15.0%	15.3	0.6	4.1%
Education Aid	1,106.6	1,300.5	1,360.7	60.2	4.6%	1,342.7	42.2	3.2%
School Construction Aid	80.0	138.5	138.5	-	0.0%	104.2	(34.4)	-24.8%
Teacher Retirement	124.0	130.9	130.9	-	0.0%	132.7	1.9	1.4%
Total	\$1,748.9	\$2,018.5	\$2,105.1	\$86.7	4.3%	\$2,022.3	\$3.9	0.2%
Expenditures By Source								
General Revenue	\$1,332.9	\$1,440.7	\$1,441.2	\$0.5	0.0%	\$1,496.4	\$55.7	3.9%
Federal Funds	366.6	520.7	615.0	94.3	18.1%	464.8	(55.9)	-10.7%
Restricted Receipts	47.2	47.6	46.8	(0.9)	-1.8%	47.3	(0.3)	-0.6%
Other Funds	2.2	9.4	2.1	(7.3)	-77.6%	13.8	4.4	46.4%
Total	\$1,748.9	\$2,018.5	\$2,105.1	\$86.7	4.3%	\$2,022.3	\$3.9	0.2%
Authorized FTE Levels	326.1	326.1	326.1	-	-	334.1	8.0	2.5%

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

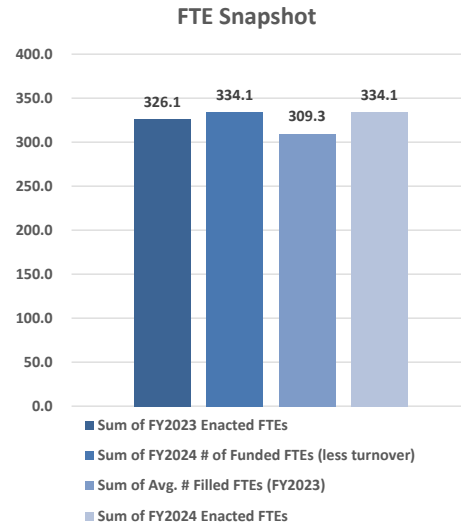
The Rhode Island Department of Elementary and Secondary Education, under the leadership of the Board of Education, is responsible for a strategic plan defining goals and objectives for elementary and secondary education; preparation and presentation annually of an educational budget for the Department of Elementary and Secondary Education, subordinate boards and agencies, and State aid to local school districts; approval of the basic subjects and courses of study to be taught, and instructional standards required to be maintained in the public elementary and secondary schools of the State; and, adoption of standards and qualifications for the certification of teachers and provision for the issuance of certificates.

MAJOR ISSUES AND TRENDS

The \$55.7 million increase in general revenue is primarily due to an increase of \$82.7 million in education aid to districts, charter and state schools, as well as a \$15.6 million increase in school construction aid. An additional \$28.9 million is added to provide increased support for data analysis, special education, Multilingual Learners, and enrollment in the All Course Network. These increases are partially offset by a decrease of \$50.0 million in the School Building Authority Capital fund due to the one-time investment in the FY2023 Budget. The FY2024 Budget includes funding for all of the categories, except the Regionalization Bonus, the School Resource Officer Support, and the Density Aid fund, which was replaced with the Enrollment Transition fund. Regional Transportation, English Learners, and High-Cost Special Education are fully funded.

The reduction in federal funds is due primarily to the shifting of funding from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan Act (ARPA) between fiscal years. The increase in other funds is primarily due to Rhode Island Capital Plan (RICAP) funded renovation of the school wing at Davies and an increase in asset protection funding for the Met School.

The Budget provides 334.1 FTE positions across the Elementary and Secondary Education system, including 150.1 FTE positions at the Department of Elementary and Secondary Education, 123.0 FTE positions at Davies, and 61.0 FTE positions at the School for the Deaf. Of the new 8.0 FTE positions, relative to the FY2023 Budget as Enacted, 7.0 FTE positions are within the Department, including 3.0 FTE Special Education positions, an Assessment Specialist, an Education Specialist, a Multi-Lingual Learner Specialist, and an Administrative Assistant. A new Speech Language Pathologist position is provided to the School for the Deaf. The FTE level in FY2023 is consistent with the Budget as Enacted.



While not included in the Budget, the Department requested 1.0 new FTE Senior Finance Officer for Business Management supported by \$155,909 in restricted receipts realized from the indirect cost recovery of federal grants. Currently, the allocation of the funding formula and federal funds is managed by one employee with no redundancy. Over the years, as charter schools have been established, the number of LEAs has increased from 39 to 63 with additional schools in the pipeline, and the number of federal grants received by the department have increased as well

The FY2022 Budget as Enacted included 2.0 FTE Uniform Chart of Accounts (UCOA) School Spending Analysis positions. These positions were added to enable the Department to meet new spending analysis requirements imposed through Article 10 of the FY2022 Budget as Enacted. The Department filled one of these positions on February 13, 2022, but indicated that it was a challenging position to fill. As of July 7, 2023, the second position remains vacant.

Federal Elementary and Secondary Relief Funds (ESSER)

Program	FY2022		ESSER II		Change from Enacted	FY2024		Change from Enacted
	Actual	Enacted	FY2023	Final		Enacted	Enacted	
ACES	\$4,904,739	\$13,515,512	\$13,500,997	(\$14,515)	-0.1%	\$1,094,056	(\$12,421,456)	-91.9%
Central Falls	-	5,729,352	5,000,000	(729,352)	-12.7%	729,352	(5,000,000)	-87.3%
Davies	35,180	661,373	1,127,893	466,520	70.5%	-	(661,373)	-100.0%
School for the Deaf	57,710	-	55,565	55,565	-	-	-	-
The Met	-	924,929	924,929	-	0.0%	501,986	(422,943)	0.0%
Distribution to Districts	76,521,117	89,542,202	86,087,930	(3,454,272)	-3.9%	63,550,194	(25,992,008)	-29.0%
ESSER II Total	\$81,518,746	\$110,373,368	\$106,697,314	(\$3,676,054)	-3.3%	\$65,875,588	(\$44,497,780)	-40.3%
ESSER III								
ACES	\$1,262,112	\$25,103,500	\$20,103,500	(\$5,000,000)	-19.9%	\$20,148,971	(\$4,954,529)	-19.7%
Central Falls	-	15,115,977	5,000,000	(10,115,977)	-66.9%	10,140,046	(4,975,931)	-32.9%
Davies	32,887	500,000	967,113	467,113	93.4%	1,612,918	1,112,918	222.6%
School for the Deaf	-	204,075.00	102,037	(102,038)	-50.0%	102,037	(102,038)	-50.0%
The Met	-	3,200,782	1,000,000	(2,200,782)	-68.8%	2,205,878	(994,904)	-31.1%
Distribution to Districts	11,833,976	110,000,000	175,000,000	65,000,000	59.1%	96,197,804	(13,802,196)	-12.5%
ESSER III Total	\$13,128,975	\$154,124,334	\$202,172,650	\$48,048,316	31.2%	\$130,407,654	(\$23,716,680)	-15.4%

The Coronavirus Response and Relief Supplemental Appropriations (CRRSA), passed in December 2020, provided \$184.8 million in Elementary and Secondary Education Relief (ESSER) II funds to Rhode Island. This was the second round of ESSER funds distributed. Of the total distribution \$166.3 million was for direct grants to local education agencies (LEAs). According to the United States Department of Education, LEAs may use these as allowed under ESSER I and ARPA ESSER, including hiring new staff and avoiding layoffs. Additional uses include addressing learning loss; preparing schools for reopening; and, testing, repairing, and upgrading projects to improve air quality in school buildings. The funds may be used for

expenses dating back to March 13, 2020, and the funds are available for obligation through September 30, 2022, excluding the 12-month Tydings Amendment period.

The American Rescue Plan Act (ARPA), passed in March 2021, provided \$415.0 million in ESSER III funds to Rhode Island. This was the third round of ESSER funds distributed. Of the total distribution \$373.5 million was for direct grants to local education agencies (LEAs). According to the United States Department of Education, an LEA must reserve at least 20.0 percent of its total allocation to address learning loss through evidence-based interventions such as summer learning, or enrichment, extended day, comprehensive after school programs, or extended school year programs. LEAs must ensure that such interventions respond to students' academic, social, and emotional needs, and address the disproportionate impact of COVID-19 on underrepresented student subgroups. Section 2001(e) specifically authorizes an LEA to use funds to develop strategies and implement public health protocols, including policies in line with guidance from the CDC for the reopening and operation of school facilities to maintain the health and safety of students, educators, and other staff, to the greatest extent practicable. The funds may be used for expenses dating back to March 13, 2020, and the funds are available for obligation through September 30, 2023, excluding the 12-month Tydings Amendment period.

ADMINISTRATION OF THE COMPREHENSIVE EDUCATION STRATEGY (ACES)

The Administration of the Comprehensive Education Strategy (ACES) program encompasses the offices of Accelerating School Performance, Educator Excellence and Instruction Effectiveness, Fiscal Integrity and Efficiencies, and Legal. Through these offices, the Department provides leadership and support for the entire elementary and secondary education system in Rhode Island.

Administration of the Comprehensive Education Strategy	General Revenue
FY2023 Enacted	\$26,401,820
<i>Target and Other Adjustments</i>	
Assessment Data Professional Development (1.0 FTE position)	460,197
Special Education - IEP Facilitation (3.0 FTE positions)	500,000
EnrollRI and All Course Network (ACN) (1.0 FTE position)	450,000
Pre-K Expansion	338,799
All Course Network (ACN) Shift to General Revenue	300,000
MLL Blueprint Implementation (1.0 FTE position)	250,000
Administrative Support Staffing (1.0 FTE position)	133,907
FY2024 Enacted	\$28,924,723

Administration of the Comprehensive Education Strategy	Other Fund Changes
School Nutrition Programs (federal funds)	\$4,500,000
ARPA SFRF: Out-of-School Learning Grants (federal funds)	4,000,000
Preschool Development Grant Birth to Five (federal funds)	212,500

Assessment Data Professional Development (1.0 FTE position) \$500,000

The Budget includes \$133,907 for 1.0 new FTE Assessment Specialist and \$366,093 for contracted professional services to give RIDE more capacity to meet with districts to help them understand their data and use it toward stronger strategic and school improvement planning. Currently, the Department has only one FTE who can complete complex data analysis and the person has several other job responsibilities; consequently, it takes several months to process and report assessment results. While interoffice collaboration is required to process assessment data, there is not enough capacity to support data use for strategic planning prior to the start of the school year. The new position would increase capacity by bringing in an individual who understands the technical aspect of a data request, can learn programs to conduct analysis, and provide additional support for data cleaning and reporting. In addition, the position will

support professional development (PD) with LEAS through the use of a vendor to add capacity. The funding for the FTE position includes \$80,000 in salary and \$53,907 in benefits.

Analyst Note: The FY2022 Budget as Enacted provided 2.0 new FTE positions for UCOA school spending analysis. The Department filled one of these positions on February 13, 2022, but indicated that it was a challenging position to fill. As of July 7, 2023, the second position remains vacant.

Special Education – IEP Facilitation (3.0 FTE positions) \$450,000

The Budget includes \$450,000 in general revenue to support 3.0 new FTE positions (\$400,000) and \$50,000 for professional development and training for the Department to facilitate individual education plans (IEPs) and federal 504 special education services. A 504 plan is geared toward ensuring a student has equitable access to a learning environment, while an IEP focuses on educational benefits, and often includes direct services such as speech or occupational therapy. The purpose of an IEP is to lay out the special education instruction, supports, and services a student needs to thrive in school.

EnrollRI and All Coursework Network (1.0 FTE position) \$338,799

The Budget includes \$338,799 to shift some of the costs of the EnrollRI platform from expiring federal fund sources to general revenue. EnrollRI is a single system built for Rhode Island and managed by the Office of College and Career Readiness (OCCR) to increase education equity across the state by streamlining the process for families seeking programs and opportunities that best meet their needs. The platform currently hosts the All Course Network (ACN), the statewide charter school common application and school finder, career and technical enrollment, and Adult Education enrollment. The startup and maintenance costs for this platform were supported by federal grants which expire in FY2024. The general revenue will support 1.0 new FTE Education Specialist to manage the enrollment system (\$133,907), \$188,892 in contract professional services for system support of the ACN, and \$16,000 in licensing fees for the ACN.

Pre-K Expansion \$300,000

The Budget includes \$300,000 in general revenue to support the expansion of the prekindergarten (Pre-K) program. Article 10 of the FY2023 Budget as Enacted required the Department of Education (RIDE), the Department of Human Services, and the Children’s Cabinet to develop a plan for the expansion of the Pre-K program to 5,000 seats over five years beginning in FY2024, including children ages three and four. The program currently enrolls about 2,360 four-year olds. A key recommendation in the [Rhode Island Pre-K expansion plan](#) is to improve the lottery system. The current system was developed internally at the Department and there is no mechanism to prevent multiple applications from the same family, apart from significant staff time spent combing through the application to remove duplicates. Also, the current system cannot pull reports or real-time information. In addition, as the program is expanded, new functions will be needed within the lottery system to address additional requirements such as placing siblings within the same program and managing matriculation year-to-year. The cost to develop and manage such a system is estimated at \$100,000 annually.

Another \$100,000 is provided in the budget to build and maintain the RIDE-focused portions of the RI Start Early System (RISES). The RISES system is a provider and workforce data system developed in partnership between RIDE and the Department of Human Services (DHS). Since the Pre-K program is a mixed delivery system using public schools, Head Start, private preschools, private schools, charter schools, or child care centers, it is necessary for RIDE and DHS to use the same data system so that providers who are licensed by DHS can go to one spot to apply for a license, apply to accept participants from the Child Care Assistance Program (CCAP), and apply to become Pre-K providers. In addition, the shared data system will reduce the number of separate applications and documents that need to be collected and reviewed. While the system

is still in the early planning stage, the Department estimates that the RIDE-focused portions of the system will cost \$100,000 annually.

The remaining \$100,000 will be used to support 2.0 FTE Pre-K staff that are currently funded through the expiring federal Preschool Development Renewal Grant. While the Department acknowledges that there are sufficient federal funds to support the position in the first and second quarters of FY2024. The Department recommends including the full cost into the Pre-K budget at this time to ensure staff retention; however, the additional \$96,000 was not included in the FY2024 Budget as Enacted.

All Course Network (ACN) Transition to General Revenue \$250,000

The All Course Network (ACN), previously known as the Advanced Course Network, is an online, statewide course catalogue that expands access to out-of-school learning experiences for students. The Budget shifts \$250,000 in professional services for the ACN to general revenue from expiring federal funds.

The ACN offers advanced coursework options for Rhode Island students with the goal of expanding access to opportunities that promote college and career readiness while they remain enrolled at their public school. The Advanced Coursework Network is made up of Network Members, schools and districts that voluntarily choose to extend the Advanced Coursework Network opportunities to students, and Network Providers (school districts, Rhode Island based community-based organizations or higher education institutions) that extend advanced coursework opportunities to Rhode Island students. Course offerings include advanced math and science, world languages, dual/concurrent enrollment, and career preparation coursework that results in the attainment of an industry-recognized certificate or credential.

Beginning in January 2021 the receipt of the federal RethinkRI grant allowed for the expansion of the program. Currently, the program provides courses for students in PK through twelfth grade throughout the school year. Different courses are delivered in-person, fully online, and through a blended format. Seats are filled through a lottery system. The following table shows the funding history of the program.

All Course Network (ACN) Funding History

Source	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Projected	FY2024 Enacted
General Revenues	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$250,000
Career and Technical Categorical	386,858	390,000	-	-	-	-
Permanent School Fund (restricted receipts)	172,967	115,280	266,135	300,000	300,000	300,000
Rethink RI Grant (federal funds)	-	-	747,166	255,487	528,627	450,000
ESSER II (federal funds)(summer courses only)	-	-	-	1,106,721	-	-
ESSER III (federal funds)(summer courses only)	-	-	-	-	1,270,000	1,000,000
Total	\$709,825	\$655,280	\$1,163,300	\$1,812,208	\$2,248,627	\$2,000,000

Source: Rhode Island Department of Education

MLL Blueprint Implementation (1.0 FTE position) \$133,907

The Budget provides \$80,000 in salary, \$53,907 in benefits (\$133,907 total), and 1.0 new FTE Multi-Lingual Learner Specialist position. The Department has launched the Blue Print for Multilingual Learner Success and a Strategic Plan for improving outcomes for Multilingual Learners. The population of English Language Learners has grown from 12,000 in FY2018 to 13,647 in FY2024. This position will coordinate and deliver professional development to ensure the expected outcome from the Blue Print for Multilingual Learner Success and the Department’s Strategic Plan.

Analyst Note: The FY2022 Budget as Enacted provided 1.0 new FTE position for a World Language Education Specialist.

Administrative Support Staffing (1.0 FTE position)**\$90,000**

The Budget includes \$90,000 in salaries and benefits to support 1.0 new Administrative Assistant. The Department requested 2.0 FTE Administrative Assistant positions through an amended budget request, due to the redesign and reorganization of the agency to better serve local education agencies (LEAs).

Federal Fund Changes**(\$8.7 million)**

The Budget includes a net decrease in federal funding of \$8.7million, including the following:

- **School Nutrition Programs (\$4.5 million):** The Budget provides an increased appropriation in federal funds of \$12.5 million in FY2023 and \$4.5 million in FY2024 to support school breakfast and lunch programs. The FY2023 increase is based on a projected, temporary per-meal reimbursement increase from the Keep Kids Fed Act. The Keep Kids Fed Act provides an increased reimbursement rate for school lunch and school breakfast to help offset the increased cost of food and operating expenses for schools for the 2022-2023 school year. Schools receive an additional 40 cents more for each lunch and 15 cents more for each breakfast served. According to the Department, however, since the number of actual meals served in the first half of the school year has decreased relative to FY2022, the actual reimbursement is not likely to reach the projected increase. The \$4.5 million increase in FY2024 is based on the typical annual increase in reimbursement rates; however, if the participation remains relatively low, the increase will not be as high.
- **ARPA SFRF: Out-of-School Learning Grants (\$4.0 million):** The Budget provides \$4.0 million in ARPA SFRF in FY2024 to be distributed through the Department's Office of Student, Community, and Academic Supports to community organizations to expand access to education programs outside of school hours.
- **ACES. Preschool Development Grant Birth to Five (\$212,500):** Pursuant to a Governor's budget amendment, dated March 17, 2023, the Budget increases federal funds by \$212,500 to reflect the recent award of the Preschool Development Grant (PDG) Birth to Five Planning Grant. The grant proceeds are limited to capacity-building activities, including planning and pilot programs, to advance the coordination and effectiveness of the early childhood system.

CENTRAL FALLS SCHOOL DISTRICT

The State of Rhode Island assumed control of the Central Falls School District in 1991 when it was determined that the City of Central Falls could not afford to meet its contractual, legal, and regulatory obligations related to school funding because its tax base had sustained little or no growth over several years. Since FY1993, the State has been responsible for 100.0 percent of the education expenditures for the Central Falls School District.

Since FY2012, Central Falls has been funded according to the education funding formula. The Budget provides \$49.4 million for the Central Falls School Department in FY2024. This includes the funding formula distribution as well as \$11.1 million in funding through the Central Falls Stabilization Fund, excluding aid received through other education aid categories. (See Education Aid in the Special Report section of this publication for further detail.)

Central Falls	General Revenue
FY2023 Enacted	\$48,961,338
<i>Target and Other Adjustments</i>	
Central Falls Stabilization	980,680
Funding Formula Adjustment	(528,267)
FY2024 Enacted	\$49,413,751

Central Falls Stabilization \$980,680

The Budget funds this category at \$11.1 million in FY2024, an increase of \$980,680 relative to the FY2023 Budget as Enacted. Central Falls schools are currently 100.0 percent state funded, with the State providing both the local and state contributions calculated through the formula, as well as the local share that would be supported outside of the core amount. For example, the total foundation amount calculated through the funding formula is \$38.7 million in FY2024, with the state share at \$37.6 million, plus a net increase of \$610,703 for the Enrollment Transition Fund established through Article 8 of the FY2024 budget as Enacted (\$38.3 million total); however, the Budget provides an additional \$11.1 million through the stabilization fund. Generally, the costs outside the foundation aid formula, such as transportation, facility maintenance and retiree health benefits, are paid by the district. This program was created due to concerns regarding the city's capacity to meet the local share of education costs. Previously the statute required Central Falls to pay its share of the local contribution prior to receiving stabilization funds. However, the 2012 General Assembly amended the statute to provide for an annual review of the respective shares and to allow stabilization funds to be provided without the district having to pay the entire local share as determined from the education funding formula.

Although Central Falls has been working with the Department to reduce expenditures, the district has not been able to reduce costs enough to keep pace with the phase in of the funding formula. Also, charter school tuitions have been increasing resulting in a corresponding increase in district expenses. Consequently, the stabilization fund has been used to replace aid lost through the implementation of the funding formula and local payments to public schools of choice. To date, Central Falls has been unable or unwilling to absorb any educational costs.

Funding Formula Adjustment (\$528,267)

Since FY1993, the State has been responsible for 100.0 percent of the education expenditures for the Central Falls School District; however, beginning in FY2012, the district’s state funding has been determined through the new funding formula. In FY2024, the district will see a decrease of \$1.2 million in funding formula aid, partially offset by an increase of \$610,703 for the Enrollment Transition Fund. . The formula distribution, stabilization aid, and other categorical aid provide for a net increase of \$2.0 million over the previous fiscal year.

DAVIES CAREER AND TECHNICAL CENTER

The Davies Career and Technical School provides a high school education program in occupational areas for students in grades nine through twelve. The school provides an integrated academic and vocation curriculum with up-to-date technology programs to provide a solid foundation for students entering postsecondary education or the community. Davies operates as a local education agency and is governed by a Board of Trustees.

The Budget provides \$15.7 million in general revenue funding for the Davies Career and Technical School, an increase of \$1.1 million from the FY2023 Budget as Enacted, excluding categorical aid. (See Education Aid in the Special Report section of this publication for further detail.)

Davies Career and Technical School	General Revenue
FY2023 Enacted	\$14,774,827
<i>Target and Other Adjustments</i>	-
Funding Formula Adjustment	1,015,057
Davies Stabilization Fund	(68,591)
FY2024 Enacted	\$15,721,293

Funding Formula Adjustment **\$1.0 million**

The Davies School receives funding from state and federal sources; however, beginning in FY2012, it receives its State funding as determined through the new funding formula. In FY2024, the Davies School will receive an increase of \$1.0 million in funding formula aid (\$9.9 million in total formula aid). Instead of being entirely State funded, the sending districts now pay a portion of the tuition for each student from their district. Furthermore, Davies is now responsible for the cost of transporting students to and from their sending districts. The estimated cost for transportation has increased by \$150,000 to about \$750,000 annually.

Davies Stabilization Fund **(\$68,591)**

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 a decrease of \$68,591 (\$5.8 million total) in FY2024.

RHODE ISLAND SCHOOL FOR THE DEAF

The Rhode Island School for the Deaf (RISD) is a public school which offers educational programs to approximately 85 deaf and hard of hearing youth (and their families) from birth through age 21 in the elementary program, junior and senior high school, and early intervention and preschool programs.

School for the Deaf	General Revenue
FY2023 Enacted	\$7,940,337
<i>Target and Other Adjustments</i>	400,757
Speech Language Pathologist (1.0 FTE position)	114,523
New Vehicle	50,000
FY2024 Enacted	\$8,505,617

Speech Language Pathologist (1.0 FTE position) **\$114,523**

Students often arrive at the School for the Deaf who have not had appropriate language opportunities or from other countries with little or no access to language or American Sign Language. While all students who attend the School receive Speech services, some require additional support to bridge gaps in their language attainment. Currently, in order to meet federal Individual Education Program (IEP) mandates, the School has had to repurpose a vacant teacher position; however, the RISD has indicated the need for both the Speech Language Pathologist (SLP) and the teacher position to provide the necessary services. As more students come to the School with cochlear implants and hearing aids, the need for SPLs had increased as well; consequently, the Department requested 1.0 FTE Speech Language Pathologist position (\$114,523 in salary and benefits) to meet IEP mandates and provide the appropriate services to students. The Governor did not recommend the FTE position or the funding for salary and benefits; however, the General Assembly included the \$114,523 in salary and benefits to support 1.0 new FTE Speech Language Pathologist position in the Budget.

New Vehicle **\$50,000**

Pursuant to a Governor’s budget amendment, dated May 19,2023, the Budget provides \$50,000 in general revenue funding for an eight-passenger vehicle. The vehicle was requested to replace a 2002 Ford Taurus used to transport audiology equipment to schools throughout the state, and will be used to transport students to activities. The Taurus has excessive body rot and can no longer pass the RI State Inspection.

METROPOLITAN CAREER AND TECHNICAL SCHOOL

The Metropolitan Career and Technical School (Met School) is a career and technical public school district with two campuses in Providence and a third in Newport. It provides a comprehensive education which includes internships, individual learning plans, advisory, and a college transition program for students in grades nine through twelve.

The Budget provides \$10.6 million in general revenue funding for the Met, an increase of \$820,765 over the FY2023 Budget as Enacted. This includes \$2.0 million for the Met School Stabilization Fund, but excludes categorical aid. The Met School is governed by a board, appointed by the Board of Education but operated independently. Also, unlike Davies, the employees at the Met School are not state employees. (See Education Aid in the Special Report section of this publication for further detail.)

Metropolitan Career and Technical School	General Revenue
FY2023 Enacted	\$9,790,163
<i>Target and Other Adjustments</i>	
Met School Stabilization Fund	931,225
Funding Formula Adjustment	(110,460)
FY2024 Enacted	\$10,610,928

Met School Stabilization Fund **\$931,225**

Article 11 of the FY2017 Budget as Enacted established a stabilization fund to provide additional support to the Met School for costs associated with a stand-alone high school offering both academic and career and technical coursework. The Budget increases the stabilization fund by \$931,225 (\$2.0 million total) in FY2024. By adjusting the stabilization fund to offset any changes in the funding formula calculation, the Met School was level funded from FY2017 through FY2022. The increase is recommended to address rising operating costs, such as salaries, utility rates, and healthcare costs.

Funding Formula Adjustment **(\$110,460)**

In FY2024, the Met School sees a decrease of \$110,460 in funding formula aid (\$8.6 million in total formula aid). Previously, the Met School was 100.0 percent state funded; however, beginning in FY2012, it received its general revenue funding through the new funding formula and sending districts pay a portion of the tuition for each student from their district. Furthermore, the Met School is now responsible for the cost of transporting students to and from their sending districts and will no longer be reimbursed by sending districts for transportation costs. Generally, the school provides RIPTA passes to students; however, due to the lack of RIPTA services available to students in Woonsocket, the school contracts for bus service for those students. The total estimated cost to the school is about \$177,000 annually.

EDUCATION AID

The Department provides direct support to schools and school districts, including charter and state-owned schools through this program. This program also provides funding for group home beds, non-public textbook reimbursement, state-level professional development, the early childhood demonstration pilot project, state E-rate reimbursement, and the state’s share of the school breakfast program.

Education Aid	General Revenue
FY2023 Enacted	\$1,063,437,756
<i>Target and Other Adjustments</i>	
Funding Formula Distribution	49,529,488
Categorical Aid	33,332,321
FY2024 Enacted	\$1,146,299,565

Funding Formula Distribution**\$49.5 million**

Based on the March 2023 enrollment data, adjusted for projected charter school enrollments, the FY2024 Budget recommendation increases the education funding formula distribution by \$24.7 million, for a total of \$1,066.7 million for all the school districts except Central Falls and the state schools, which are included as separate budget programs. In addition, \$18.8 million in Enrollment Transition Funds and \$5.7 million in Poverty Loss Stabilization Funds were provided.

The increase in funding formula aid for all school districts, charter schools, Davies Career & Technical School (Davies), and the Metropolitan Career and Technical School (Met) totals \$24.4 million. The difference is due to the decrease in funding to Central Falls (\$1.2 million) and the Met (\$110,460), partially offset by an increase to Davies (\$1.0 million) in FY2024 relative to the FY2023 enacted level. There is also a net increase of \$1.8 million in stabilization funding, \$19.4 million in Enrollment Transition Funds, and \$5.7 million in Poverty Loss Stabilization Funds for these districts.

The Education Adequacy Act (2010-S-2770, Substitute A as Amended) provided a new school funding formula that creates a single methodology for distributing state aid to all public schools. The core principle behind the formula is that state funding should follow the student; therefore, distribution could change annually based on shifts in enrollment. There are no changes in funding methodology for the School for the Deaf, since it is an education program that already has a state, federal and local share.

The formula establishes a per-pupil spending amount (\$11,876 in FY2024) and allocates this funding based on student enrollment. The formula also includes a single factor to adjust the core foundation amount to address the effects of poverty and other factors influencing educational needs. The student success factor, also referred to as the high need student weight, is 40.0 percent. The weight provides an additional \$4,750 ($\$11,876 \times 0.4 = \$4,750$) for each student whose family income is at or below one hundred eighty-five percent (185%) of federal poverty guidelines.

The formula accounts for local revenue generating capacity and overall poverty level through a state share ratio calculation for each community that uses the State Share Ratio for the Community, based on the EWAV (Equalized Weighted Assessed Valuation) for the community, and the concentration of pre-kindergarten through sixth grade students eligible for free or reduced-price lunch.

Article 11 of the FY2017 Budget as Enacted changed the threshold for the high-need student weight to a family income at or below 185.0 percent of the federal poverty guidelines. The change is in response to the United States Department of Agriculture no longer requiring districts to collect eligibility data. Since this income level is the same threshold as that used for the free or reduced lunch program, the Department of Elementary and Secondary Education (Department) does not anticipate a change in the eligibility numbers.

Article 10 of the FY2023 Budget as Enacted required the Department of Elementary and Secondary Education (Department) to submit, as part of its FY2024 budget request, a poverty measure that does not rely on the administration of the school lunch programs. The Governor recommended and the General Assembly concurred with using certification data from programs including the Supplemental Nutrition Assistance Program (SNAP). The counts from this data source are then multiplied by a factor of 1.6, as recommended by the U.S. Department of Agriculture (USDA) and the U.S. Department of Education for

the Community Eligibility Provision (CEP) of the Healthy, Hunger-Free Kids Act of 2010. The direct certification data is used for both the student success factor (SSF) and concentration of pre-kindergarten through sixth grade students used in the share ratio calculation.

According to the Office of Management and Budget (OMB), “extensive research was conducted” to determine the new poverty measure, including the experiences of other states. Several criteria were considered including “comparable eligibility requirement to the FRLP, timeliness, and data quality. Furthermore, data sharing agreements with DHS [Department of Human Services] related to the use of direct certification were already in existence.” Based on the review, it was determined that “direct certification would result in a reliable calculation of education aid while minimizing administrative burden.”

According to the US Department of Education, the “function of the 1.6 multiplier is to provide an estimate of the percentage of students eligible for free and reduced-price meals in participating CEP schools, groups of schools, or LEAs that is comparable to the poverty percentage that would be obtained in a non-CEP school. The number of students directly certified is a subset of the total number of students eligible for free and reduced-price meals. Using only the number of identified students would result in lower poverty percentages for CEP schools or LEAs.” (see page 4 of Guidance for The Community Eligibility Provision). Communities participating in the CEP agree not to collect FRLP forms.

Poverty Loss Stabilization Fund: The FY2024 Budget as Enacted establishes funding to reduce the impact of a reduction in the community state share ratio. If the share ratio decreases by more than 2.0 percent, relative to the prior year, the formula provides 50.0 percent of the resulting reduction in funding formula aid.

Enrollment Transition Fund: To address the significant enrollment declines seen across the State, the FY2024 Budget as Enacted establishes an Enrollment Transition Fund providing 40.0 percent of the funding formula aid lost as a result of enrollment declines, relative to the previous year, in year one and 25.0 percent in year two.

The Act included a multi-year transition plan to ease districts into the new formula, allowing time to adjust for gains or losses in education aid. The plan provided a transition period of ten years for those districts projected to receive less school aid than they did through the aid distribution in FY2011, and seven years for those districts projected to receive more aid. As of FY2022 the funding formula distribution is fully phased in. (See Education Aid in the Special Report section of this publication.)

Categorical Aid

\$39.7 million

When the education funding formula was passed in 2010, five categorical funds were identified that would not be distributed according to the formula, but according to other methodology to address the priorities and funding needs of the districts. These categories include Transportation, High-Cost Special Education, Career & Technical Education, Early Childhood, and the Regionalization Bonus. Article 11 of the FY2017 Budget as Enacted added two new aid categories: English Learners and Density Aid Fund. The Density Fund support ended in FY2019, but was reestablished in FY2022. The FY2019 Budget as Enacted created a temporary category for School Resource Officer Support, which expired after FY2021. (The Central Falls, Davies and Met School Stabilization Funds are addressed in the relevant sections of this analysis.)

The FY2024 Budget includes funding for all of these categories, except the Regionalization Bonus, the School Resource Officer Support, and the Density Aid fund, which was replaced with the Enrollment Transition fund, which is included in the funding formula distribution. The total increase in categorical aid is \$33.3 million for all school districts, charter schools, Davies Career & Technical School (Davies), and the Metropolitan Career and Technical School (Met).

FY2024 Education Aid		
Categorical	Change from Enacted	Total Funding
Transportation	1.4	10.6
Early Childhood Education	8.0	22.9
High-Cost Special Education	10.5	15.0
Career & Tech. Schools	-	4.5
English Learners	14.4	19.4
School Choice Density Aid	(0.5)	-
Regionalization Bonus	-	-
School Resource Officer Support	-	-
Group Home Aid	(0.4)	1.8
Total	\$33.3	\$74.3
<i>\$ in millions</i>		

- Transportation:** This fund provides funding for transporting students to out-of-district, non-public schools and for 50.0 percent of the local costs associated with transporting students within regional school districts. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget funds this category at \$10.6 million in FY2024, an increase of \$1.4 million over the FY2023 Budget as Enacted to fully fund the regional component of this category.
- Early Childhood Education:** This fund is designed to increase access to voluntary, free, high-quality pre-kindergarten programs. The funds will be distributed through a request for proposals (RFP) process targeting communities in three tiers, with the first tier having the highest concentration of children at risk for poor educational outcomes. These funds are paid to providers through the RFP process and, consequently, are not included in the distribution tables. The Budget funds this category at \$22.9 million in FY2024, an increase of \$8.0 million in general revenue over the FY2023 Budget as Enacted. Of the total increase, \$1.3 million is to fund 35 new classrooms and \$6.7 million is to replace expiring federal funds.

Analyst Note: The Budget also provides \$300,000 in general revenue in the Administration of the Comprehensive Education Strategy (ACES) program for a new lottery system and other supports.

- High-Cost Special Education:** This fund reimburses districts for instructional and related services provided to a student pursuant to an Individual Education Plan (IEP). The State reimburses costs that exceed four times the combined core instruction and student success factor funding (currently \$66,506 for FY2024). The FY2024 Budget as Enacted lowered this threshold from five times. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget fully funds this category at \$15.0 million in FY2024, an increase of \$10.5 million relative to the FY2023 Budget as Enacted.
- Career and Technical Schools:** This fund contributes toward the initial investment needed to transform existing programs or create new programs and the costs associated with facilities, equipment maintenance and repair, and supplies associated with higher-cost programs at career and technical schools. The Budget funds this category at \$4.5 million in FY2024, level with the previous year.
- English Learners:** Article 11 of the FY2017 Budget as Enacted established a categorical fund for English Learners (EL). The fund provides additional aid of 15.0 percent of the per-pupil core instruction amount for each qualified EL student. In FY2024, the per-pupil weight is \$1,781, to reflect 15.0 percent of the \$11,876 core instruction amount. The FY2024 Budget as Enacted increases this weight from 10.0 percent. This amount is then multiplied by the state share ratio. The formula is provided below.

$$(\text{Per-pupil core instruction amount} \times \text{number of EL students}) \times 15.0 \text{ percent} \times \text{state share ratio} = \text{additional state support per EL student}$$

Pursuant to the FY2024 Budget as Enacted, this support can no longer be ratably reduced based on the total amount appropriated.

The funds are restricted to providing new services to EL students and must be managed in accordance with requirements enumerated by the Commissioner. The Department is required to collect performance reports and approve the use of funds prior to expenditure to ensure the funded activities align to innovative and expansive activities. The Budget provides \$19.4 million in FY2024 to fully fund this category, an increase of \$14.4 million relative to the previous fiscal year.

Article 8 of the FY2024 Budget as Enacted requires the Department to report, as part of the FY2025 budget submission, the number of EL students whose family income is at or below 185 percent of federal poverty guidelines and segment the populations by proficiency. In addition, the Department is required to prepare an expense report for EL education and recommend a funding solution.

- **School Choice Density Aid:** Article 10 of the FY2022 Budget as Enacted reestablished density aid for districts where 5.0 percent or more of the average daily membership (ADM) are enrolled in a charter or state school and provided \$1.0 million in education aid for FY2022. The category provided one \$500 payment for each new resident student enrolled in a charter or state school. For FY2022, the aid was calculated based on the number of new students attending a public school of choice since FY2019. FY2019 is the last year density aid was provided. In FY2023, the \$500 was paid for each new charter or state school student relative to the previous year. The FY2024 Budget eliminates this aid through Article 8, as the Enrollment Transition Fund covers this population.
- **Regionalization Bonus:** This fund provides a bonus to districts that may regionalize in the future. In the first year, the bonus is 2.0 percent of the State's share of the total foundation aid. In the second year, the bonus is 1.0 percent of the State's share and in the third year the bonus phases out. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget provides no funding in FY2024. This category has not been funded since FY2014, as no new regionalized districts have been formed.
- **School Resource Officer Support:** Article 9 of the FY2019 Budget as Enacted establishes a new aid category to support new Resource Officers at public middle and high schools. The program provides support for districts to add Resource Officers but does not mandate their use. For FY2019 through FY2021, the State will reimburse one half the cost of salaries and benefits for qualifying positions created after July 1, 2018; however, for schools with < 1,200 students, only one resource officer position is eligible for reimbursement. Schools with > 1,200 students may receive reimbursement for up to 2 positions. Each resource officer can only be assigned to one school. The Budget does not fund this category since the program expired in FY2021.
- **Group Home Aid:** The Group Home aid category was created by the General Assembly in 2001 to provide state support to districts hosting group homes in exchange for relieving the resident sending district of financial responsibility for students placed in group homes. When enacted, the Act maintained the current funding for group homes as a categorical grant program, and provided \$15,000 annually per bed, except for group home beds associated with Bradley Hospital Children's Residential and Family Treatment (CRAFT) Program, which received \$22,000 per bed. Through Article 11 of the FY2017 Budget as Enacted, the per-bed aid increased by \$2,000 for a total of \$17,000 per bed, except for beds associated with the Bradley Hospital Children's Residential and Family Treatment (CRAFT) Program, which increased by \$4,000 for a total of \$26,000 per bed.

The FY2024 Budget includes \$1.8 million to fund group home beds. This is \$446,611 less than the FY2023 Budget as Enacted. This adjustment represents the most recent update on the number of group

home beds per district and the decrease required pursuant to RIGL 16-7-22(1)(ii) to reduce the average daily membership of a district by the number of group home beds used in the group home aid calculation.

Based on the final December 31, 2022, report from the Department of Children, Youth, and Families, the FY2023 Revised Budget increases by 7 beds and \$119,000.

SCHOOL CONSTRUCTION AID

In 1960, the school housing aid program was enacted by the General Assembly to guarantee adequate school facilities for all public-school children in the state, and to prevent the cost of constructing and repairing facilities from interfering with the effective operation of the schools. Applications for aid to support the construction and renovation of school buildings are submitted to and evaluated by the Rhode Island Department of Elementary and Secondary Education (RIDE). State aid is provided for approved projects based on a percentage of cost. The percentage provided by the State to the school district is determined based on a share ratio designed to measure a community's need. For FY2024, the minimum state share is 35.0 percent and the maximum is 96.4 percent for Central Falls: the state share for charter schools is 30.0 percent

The 2010 General Assembly passed legislation increasing the minimum share ratio for traditional school districts from 30.0 percent in FY2011 to 35.0 percent in FY2012 and to 40.0 percent in FY2013. The 2012 General Assembly froze the reimbursement rate at 35.0 percent, but provided that projects completed after June 30, 2010, that received approval from the Board of Regents by June 30, 2012, receive the 40.0 percent minimum.

The 2011 General Assembly enacted legislation that required RIDE to develop recommendations for cost containment strategies in the school housing aid program. The following recommendations were submitted on March 22, 2012:

- Establish capital reserve funds on the state and local level.
- Reduce the minimum share ratio.
- Limit costs associated with bonding by establishing a mechanism to allow districts with poor bond ratings to borrow at a lower interest rate, reduce the State's reimbursement rate on interest, and provide incentives for districts to refinance bonds.

Article 9 of the FY2019 Budget as Enacted provided temporary incentives to encourage districts to improve the condition of public-school buildings in Rhode Island, established a permanent incentive for school safety and security projects, and established school maintenance expenditure requirements.

School Construction Aid	General Revenue
FY2023 Enacted	\$138,536,507
<i>Target and Other Adjustments</i>	
School Building Authority Capital Fund	(50,000,000)
School Construction Aid	15,626,439
FY2024 Enacted	\$104,162,946

School Building Authority Capital Fund

(\$50.0 million)

The FY2024 Budget does not repeat the investment made in FY2023, resulting in a decrease of \$50.0 million. Article 9 of the FY2016 Budget as Enacted designated the Department of Elementary and Secondary Education (Department) as the State's School Building Authority and charged the Department with implementing a system of state funding for school facilities, managing the school housing aid program,

and developing a project priority system. The Authority oversees two distinct funding mechanisms for school facilities: the Foundation Program, as enumerated in RIGL 16-7-35 through 16-7-47, and the School Building Authority Capital Fund (Capital Fund), as created through the article.

In FY2023, \$88.5 million was appropriated to the foundation program; however, \$84.7 was spent leaving \$3.8 million to be transferred to the Capital Fund. In addition to the \$250.0 million school building bond referendum in Article 5, the FY2023 Budget as Enacted provided \$50.0 million in general revenue to the School Building Authority to address high-priority projects including upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students.

Facility Equity Initiative Pilot Program: At the January 11, 2022, meeting, the Council on Elementary and Secondary Education approved funding for the Facility Equity Initiative pilot program to provide pay-go funding for high priority projects in school districts with reimbursement rates over 65.0 percent, including Central Falls, Pawtucket, Providence, West Warwick, and Woonsocket. This project would focus on high priority projects to improve the health and safety of students and promote equity across the State. The new Capital Fund will provide up-front funding instead of increasing the school construction allocation in the annual budget and reduce costs by eliminating interest payments on the funded projects.

The projects approved by the Council for FY2022 are supported with the \$9.0 million from construction delays and bond refinancing, plus an additional \$3.0 million from prior year surpluses, and \$1.5 million in support from the Office of Energy Resources (OER) fund to the Facility Equity Initiative pilot program. The funding was distributed, in partnership with OER and the Office of Opportunity, Equity and Diversity (ODEO). After evaluating 53 applications from 5 LEAs, the funds were awarded to 5 districts on a priority basis designed to have the greatest impact on facility gaps between districts through upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students.

FY2022 SBA Capital Fund Facility Equity Initiative Pilot Program	
Central Falls	\$3.6
Pawtucket	4.4
Providence	4.5
West Warwick	0.5
Woonsocket	0.5
Total	\$13.4

While this program was only a pilot, with the approval of the \$250.0 million school construction bond in November 2022, Article 10 of the FY2023 Budget provided that \$50.0 million be transferred to the School Building Authority Capital Fund to address high-priority projects including upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students. The SBA expanded the pilot program to include the ten LEAs with a base reimbursement rate over 45.0 percent, thus doubling the number of eligible schools.

Of the \$50.0 million appropriated in FY2023, \$49.1 million was distributed as follows:

- \$26.0 million funded the Facility Equity Initiative, an additional \$4.0 million was contributed by the Office of Energy Resources
- \$14.0 million (plus \$1.0 from the career and technology school fund) was distributed through the 21st Century Technology and Equipment Funds to provide LEAs funds to ensure that learning spaces are equipped with technology, furniture, and equipment that support science technology, engineering, and math project-based learning.
- \$7.5 million was used for the Inside Out program to provide outdoor classrooms.
- \$1.6 million was awarded through the Menu for Success program providing students with the opportunity to design and operate food trucks.

FY2023 SBA Capital Fund Facility Equity Initiative Program	
Burrillville	\$0.3
Central Falls	4.2
Coventry	3.2
Cranston	1.9
East Providence	2.2
North Providence	2.8
Pawtucket	2.8
Providence	9.3
West Warwick	0.6
Woonsocket	2.9
Total	\$30.2

- \$850,000 is being used toward the new W.E.L.L. Initiative to meet the holistic needs of student in the wake of the pandemic. Local education agencies will be eligible for up to \$150,000 depending on enrollment. LEAs will be provided with \$5,000 to conduct professional development to support the award. Additional funding for this initiative includes \$1.6 million in federal ESSER II funds and \$500,000 in Opioid Settlement funding.

School Construction Aid

\$15.6 million

While historically funded at \$80.0 million annually, for FY2024 based on current projections, the Budget provides \$104.2 million, an increase of \$15.6 million over the FY2023 Budget as Enacted. While the entire amount is expected to be used for housing aid entitlements, any surplus will be deposited into the School Building Authority Capital Fund. Based on May 2023 projections, housing aid entitlements are projected to increase to \$114.5 million in FY2025, \$130.6 million in FY2026, and \$145.9 million in FY2027.

TEACHER RETIREMENT

Since 1949, all teachers are required to become members of the State Retirement System. The State pays 40.0 percent of the employer’s share of the retirement contribution each year. These funds, which are actuarially determined annually, are appropriated to the Department of Education for transfer to the State Retirement Fund.

On November 17, 2011, the General Assembly passed the Rhode Island Retirement Security Act of 2011 (RIRSA) to reform the state and local pension systems. The Act introduces a hybrid pension structure for all State employees, except public safety employees and judges, to shift risk to the employee by combining the attributes of both the defined benefit and defined contribution plans.

Teacher Retirement	General Revenue
FY2023 Enacted	\$130,855,471
<i>Target and Other Adjustments</i>	
Defined Benefit Plan	1,673,192
Defined Contribution Plan	215,466
FY2024 Enacted	\$132,744,129

Defined Benefit Plan

\$1.7 million

The Budget provides total funding of \$127.6 million for the State’s contribution to the teacher retirement defined benefit plan, reflecting a net increase of \$1.7 million from the FY2023 Budget as Enacted. The employer contribution rates are actuarially determined annually, and appropriated to the Department of Education for transfer to the State Retirement Fund. For teachers the State pays 40.0 percent of the employer contribution.

Defined Contribution Plan

\$215,466

The Budget provides \$5.0 million in general revenue for the State’s share of the contribution to the new defined contribution portion of the hybrid pension system, providing an increase of \$215,466 over the FY2023 Budget as Enacted. The plan includes a mandatory 5.0 percent employee and 1.0 percent employer contribution. For teachers the State pays 40.0 percent of the employer contribution.

CAPITAL PROJECTS

The Budget includes a total of \$1.8 million in capital expenditures from Rhode Island Capital Plan (RICAP) funds in FY2023 and \$13.4 million in FY2024. This provides a decrease of \$7.3 million in FY2023 and an increase of \$4.4 million in FY2024 relative to the FY2023 Budget as Enacted, including:

- **Davies Health Care Classrooms:** Due to project delays, the Budget shifts \$6.4 million in RICAP funding for the Davies Healthcare classrooms project from FY2023 into FY2024, and adds \$486,250 in carryforward funds from FY2022, for a total increase of \$6.9 million. The architectural and engineering phase of the project occurred in FY2022 (\$500,000). The Davies Health Care Classrooms project includes building replacement space for the Health Care classrooms and eliminating the detached modular classroom building where the program is currently housed. This project was previously scheduled to begin in FY2021; however, the late passage of the FY2021 Budget delayed progress.
- **Davies School Wing Renovation:** The Budget provides \$2.5 million in RICAP funds in FY2024 to begin replacement of the wing of the building that was built in in the 1970's. Total project costs are estimated at \$35.0 million. The project is consistent with Davies' strategic Plan as approved by the Board of Trustees on June 13, 2022.
- **Met School Asset Protection:** The Budget provides \$800,000 in FY2023 and \$2.0 million in FY2024 for asset protection projects at the Metropolitan Career and Technical Center (MET), reflecting level funding in FY2023 and an increase of \$1.2 million in FY2024 relative to the FY2023 Budget as Enacted. The MET consists of three campuses: East Bay, Peace Street, and Public Street with a total of eight buildings and a storage facility totaling over 100,000 square feet. The Gallagher building is over 50 years old and in need of improvements to adequately function as a school facility. The MET previously funded asset protection projects out of the operating budget; however, due to budget reductions and restrictions, asset protection projects have been delayed, resulting in a backlog of maintenance items that need repair. The request for ongoing asset protection is based on the funding needed to provide the level of annual maintenance required by RIGL 16-7-23.
- **Davies HVAC:** Due to project delays, the Budget shifts the FY2023 funding into FY2024, providing total funding of \$1.2 million in FY2024 to replace and repair the HVAC system at Davies. Davies recently developed a facility master plan to guide ongoing repairs and upgrades. The assessment evaluated the educational space for academic and technical programs, future enrollment patterns, energy efficiencies, building condition, traffic studies, and Americans with Disabilities Act compliance and provided an extensive list of deferred maintenance and renovation projects. However, due to the dire need in other schools around the State and the need for a substantial investment to address the major repairs at Davies, the master plan is being advanced in smaller projects. Consequently, the funding will be used to replace a chiller, and allow for replacement, as needed in areas of the school where ventilation and circulation are an issue, particularly in the 1970's portion of the school. The Department requested \$150,000 annually in FY2024 through FY2028.

Public Higher Education

Expenditures By Program	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Enacted	Final	Enacted	Enacted	Enacted	Enacted	Enacted
Office of Postsecondary Commissioner	\$41.8	\$44.4	\$43.9	(\$0.5)	-1.1%	\$65.6	\$21.2	47.8%
University of Rhode Island	873.3	881.9	887.7	5.8	0.7%	993.2	111.3	12.6%
Rhode Island College	160.7	195.4	197.4	2.0	1.0%	208.5	13.1	6.7%
Community College of R.I.	178.2	196.3	181.2	(15.1)	-7.7%	182.4	(13.9)	-7.1%
Total	\$1,254.1	\$1,318.0	\$1,310.2	(\$7.8)	-0.6%	\$1,449.7	\$131.7	10.0%
Expenditures By Source								
General Revenue	\$266.7	\$265.9	\$265.2	(\$0.7)	-0.3%	\$304.8	\$38.9	14.6%
Federal Funds	9.9	9.8	11.4	1.6	15.9%	43.5	33.6	342.4%
Restricted Receipts	4.2	4.9	4.9	0.0	0.7%	6.7	1.9	38.8%
Other Funds	973.2	1,037.4	1,028.7	(8.7)	-0.8%	1,094.7	57.3	5.5%
Total	\$1,254.1	\$1,318.0	\$1,310.2	(\$7.8)	-0.6%	\$1,449.7	\$131.7	10.0%
Third Party Funded FTE	523.8	523.8	523.8	-	-	519.8	(4.0)	-0.8%
Authorized FTE Levels	3,862.5	3,863.5	3,863.5	-	-	3,874.5	11.0	0.3%
Total	4,386.3	4,387.3	4,387.3	-	-	4,394.3	7.0	0.2%

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

Prior to January 1, 2013, higher education in Rhode Island functioned under the direction of the Board of Governors for Higher Education. The FY2013 Budget as Enacted established a new Board of Education consisting of 11 members, appointed by the Governor with the advice and consent of the Senate. The Board of Governors for Higher Education and the Board of Regents for Elementary and Secondary Education were abolished as of January 1, 2013.

The major responsibilities of the Board of Education (Board), pertaining to higher education, include the governance of public institutions of higher learning and the regulation of proprietary schools; the preparation of a public higher education budget and capital development program; and the development of policies in pursuit of the primary goals of excellence, opportunity and access, diversity and responsiveness, coordination and accountability in public higher education.

The system of public higher education consists of three major institutions located at eight different campuses across the State of Rhode Island: the University of Rhode Island (URI), Rhode Island College (RIC), and the Community College of Rhode Island (CCRI).

The FY2015 Budget as Enacted established the Council on Postsecondary Education, which has duties and responsibilities per RIGL 16-59-1 and 16-59-4, much the same as the former Board of Governors for Higher Education. Article 9 of the FY2020 Budget as Enacted shifted oversight of the University of Rhode Island from the Board of Education, Council of Postsecondary Education (Council), and the Commissioner of Postsecondary Education to a newly established Board of Trustees (URI Board) at the University. The article further transferred all the duties and responsibilities pertaining to employees, debt service, and property from the Council to the Board.

MAJOR ISSUES AND TRENDS

The FY2024 Budget includes total funding of \$1,449.7 million, representing a net increase of \$131.7 million (10.0 percent) from the FY2023 Budget as Enacted, including a general revenue increase of \$38.9 million (14.6 percent). The general revenue increase is driven primarily by a \$22.4 million increase in the state appropriation to the institutions, a \$4.9 million increase in G.O. bond debt service, a \$4.8 million shift in the funding source for the Last Dollar (Promise I) Scholarship Program, \$4.0 million for the Hope Scholarship Pilot program at RIC, and a \$300,000 increase in Promise I funding for students enrolled in private institutions.

The net increase in federal funds of \$33.6 million (342.4 percent) is due primarily to the utilization of ARPA SFRF resources, including \$20.0 million for PFAS water treatment at URI, \$8.0 million to expand the RI

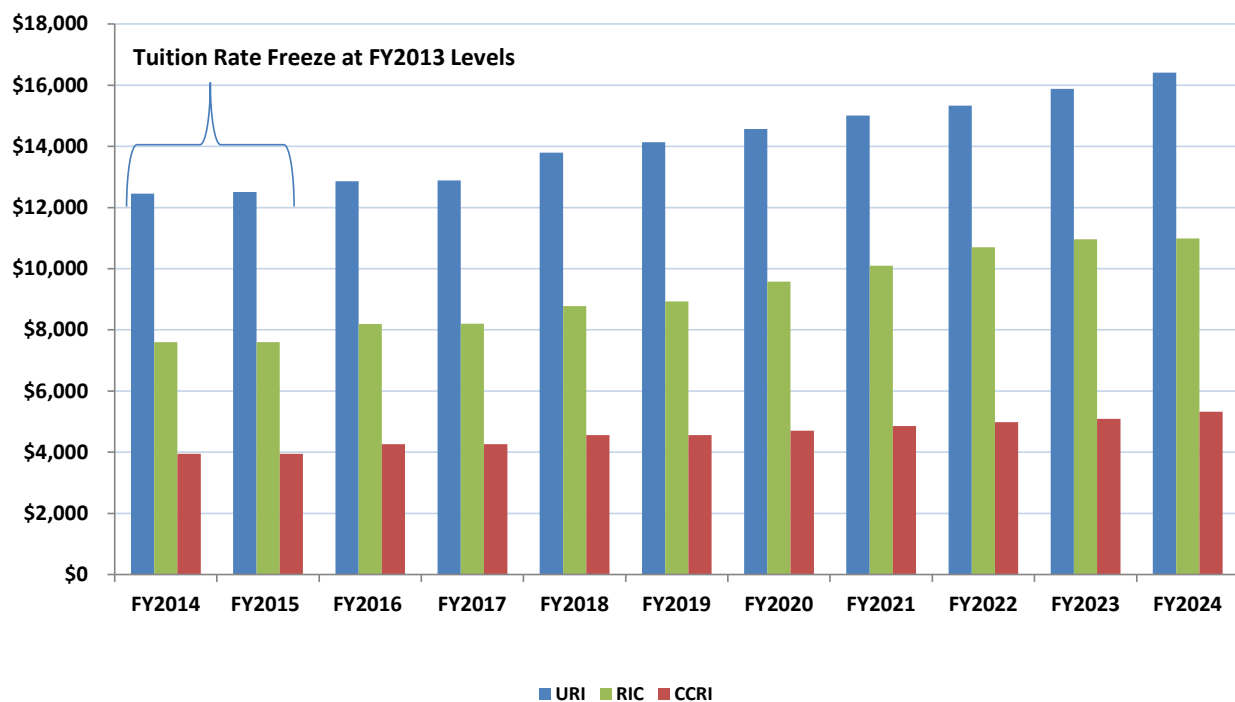
Reconnect program, \$5.0 million for the Fresh Start Scholarship at CCRI, and \$2.0 million for a Cyber Security center at RIC. The growth in restricted receipts is driven by increased activity at the two Higher Education and Industry Centers, which are essentially self-funding.

The \$57.3 million (5.5 percent) increase in other funds is due primarily to an increase in Rhode Island Capital Plan (RICAP) funds. The significant increases include \$26.3 million for the athletic complex at URI, \$10.0 million for Phase III of the Master Plan at RIC, \$8.0 million for the Fine Arts Center at URI, and \$7.0 million for Phase I of the renovation and modernization project at CCRI. More information on these projects is provided in the “Capital Projects” section at the end of this analysis.

Tuition and Fees

Actual tuition and fee rates, by institution, along with a projection for FY2022 and FY2023, are shown in the following graph.

In-State Undergraduate Tuition & Fees



	FY2020	FY2021	FY2022	FY2023 Enacted	FY2023 Revised	FY2024 Enacted	Change from FY2023 Enacted	
URI								
In-State Tuition	\$12,590	\$12,922	\$13,250	\$13,586	\$13,586	\$14,116	\$530	3.9%
Out-of-State Tuition	29,710	30,496	31,272	32,068	32,068	33,512	1,444	4.5%
Mandatory Fees	1,976	2,082	2,082	2,294	2,294	2,292	(2)	-0.1%
Tuition & Fee Revenue	335,017,650	351,862,783	363,333,284	370,871,587	373,762,642	391,220,641	20,349,054	5.5%
RIC								
In-State Tuition	\$8,218	\$8,835	\$9,277	\$9,481	\$9,481	\$9,481	\$0	0.0%
Out-of-State Tuition	21,683	23,310	24,475	25,014	25,014	25,014	-	0.0%
Northeast Neighbors Program	12,328	13,252	13,915	14,221	14,221	14,221	-	0.0%
Mandatory Fees	1,360	1,268	1,425	1,485	1,485	1,505	20	1.3%
Tuition & Fee Revenue	65,868,388	65,572,087	61,574,442	60,999,841	60,473,794	57,078,647	(3,921,194)	-6.4%
CCRI								
In-State Tuition	\$4,284	\$4,414	\$4,524	\$4,624	\$4,624	\$4,855	\$231	5.0%
Out-of-State Tuition	12,128	12,492	12,804	13,086	13,086	13,740	654	5.0%
Mandatory Fees	416	446	456	466	466	470	4	0.9%
Tuition & Fee Revenue	56,551,293	53,773,815	48,505,149	50,426,993	52,449,579	54,860,553	4,433,560	8.8%

In FY2024, URI is projecting an increase in tuition and fee revenue of \$20.3 million, or 5.5 percent, based on an increase in undergraduate in-state tuition of \$530, or 3.9 percent; out-of-state tuition of \$1,444, or 4.5 percent; and, a decrease in mandatory fees of \$2, or 0.1 percent. RIC is projecting a decrease in tuition and fee revenue of \$4.5 million, or 7.3 percent, based on a projected decrease in enrollment of 6.9 percent, relative to the FY2023 revised projection; however, the FY2023 revised projection increased by 2.2 percent over the enacted level. CCRI projects an increase in tuition and fee revenue of \$2.4 million, or 4.6 percent, relative to the FY2023 revised projection, based on a projected level of enrollment, and an increase in in-state tuition of \$231, or 5.0 percent; an increase in out-of-state tuition of \$654, or 5.0 percent; and, an increase in mandatory fees of \$4, or 0.9 percent. The changes from the FY2023 Budget as Enacted are shown in the preceding table.

State Support for Public Education

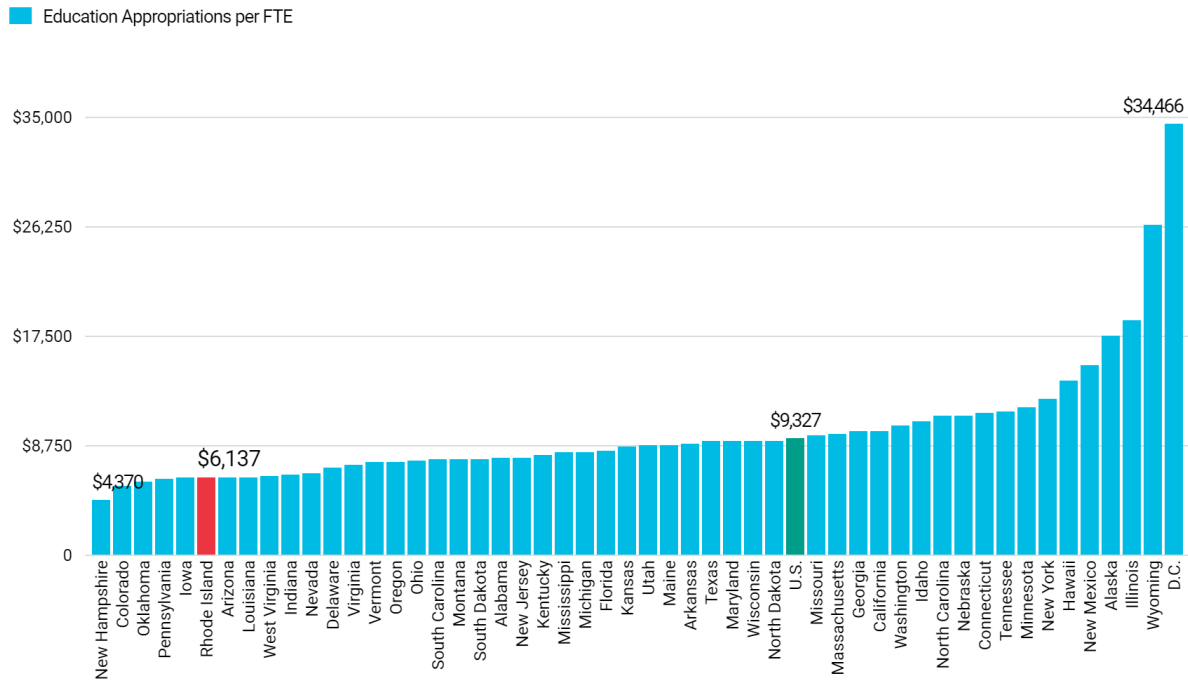
When looking at state support for public higher education, many policy makers tend to take a regional approach. For example, if looking at New England, Rhode Island has the second lowest appropriation per pupil in the region. In FY2021, the most recent data available, Connecticut appropriated \$5,150 more per student FTE than Rhode Island and Massachusetts appropriated \$3,474 more. Based on Rhode Island’s FY2021 FTE enrollment of 31,426, the difference in per-student FTE appropriation between Rhode Island and Massachusetts is \$109.2 million.

However, on a national perspective in FY2021, the District of Columbia appropriated \$28,329 more per student FTE than Rhode Island. The chart that follows is from the State Higher Education Executive Officers Association (SHEEO) and illustrates state 2021 appropriations to public higher education based on student FTEs. The State of Rhode Island appropriates \$3,190 less per student than the national average.

FY2021 State Educational Appropriations per FTE	
Connecticut	\$11,287
Massachusetts	9,611
Maine	8,724
Vermont	7,370
Rhode Island	6,137
New Hampshire	4,370
Regional Average	\$7,917

Source: State Higher Education Executive Officers (SHEEO)

Public Higher Education Appropriations per FTE by State, FY 2021 (Adjusted)



Notes:

1. Education appropriations are a measure of state and local support available for public higher education operating expenses and student financial aid, excluding appropriations for research, hospitals, and medical education. Education appropriations include federal stimulus funding.
2. The U.S. calculation does not include the District of Columbia.
3. Constant 2021 dollars adjusted by the Higher Education Cost Adjustment (HECA).
4. Adjusted to account for interstate differences using the Enrollment Mix Index (EMI).
5. Adjusted to account for interstate differences using the Cost of Living Index (COLI). The COLI is not a measure of inflation over time.

Source(s): State Higher Education Executive Officers Association

In FY2024, the three state institutions requested a \$45.8 million increase in State general revenue support, excluding general obligation debt service. The Budget provides \$14.9 million in additional funding, excluding general obligation debt service.

OFFICE OF THE POSTSECONDARY COMMISSIONER

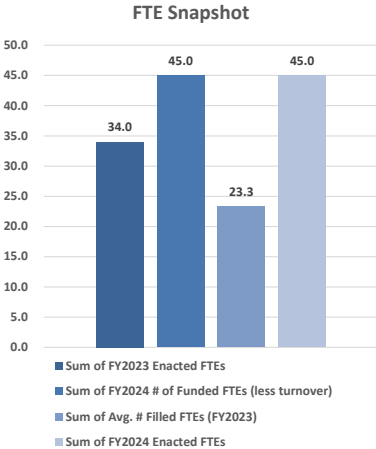
Expenditures By Source	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Enacted	Final	Enacted	Enacted	Enacted	Enacted	Enacted
General Revenue	\$25.4	\$18.6	\$17.3	(\$1.3)	-7.2%	\$30.1	\$11.5	61.9%
Federal Funds	8.0	8.0	8.1	0.1	1.0%	23.5	15.5	193.0%
Restricted Receipts	3.5	4.0	4.1	0.0	0.8%	5.9	1.9	46.0%
Other Funds	4.9	13.7	14.4	0.7	5.3%	6.1	(7.6)	-55.6%
Total	\$45.6	\$44.4	\$43.9	(\$0.5)	-3.6%	\$65.6	\$21.2	47.8%

\$ in millions

The mission of the Office of the Postsecondary Commissioner (OPC), formerly the Office of Higher Education, is to support the work of the Board of Education and the Council on Postsecondary Education in providing an excellent, accessible, and affordable system of higher education designed to improve the educational attainment of Rhode Island citizens, support economic development, and enrich the civic, social, and cultural life of the residents of the State. The Commissioner works with the presidents of the

state higher education institutions to determine the benefits or disadvantages of proposed new programs, departments, courses of study, and policies with the scope and role adopted by the Council on Postsecondary Education. The OPC also supports specific programs, such as early college access and veterans’ affairs. The FY2016 Budget as Enacted created a new Division of Higher Education Assistance (DHEA) within the Office of the Postsecondary Commissioner and eliminated the Rhode Island Higher Education Assistance Authority. The OPC provides research, policy, and fiscal analysis, and seeks to ensure that higher education in Rhode Island remains economically and geographically accessible.

The Budget provides 45.0 FTE positions for the OPC in FY2024, including 1.0 FTE that is third-party funded. This represents an increase of 11.0 FTE positions from the FY2023 Budget as Enacted. The increase is due to the addition of 7.0 FTE positions for the Rhode Island Longitudinal Data System (RILDS), including 4.0 sponsored research positions transferred from URI; 3.0 FTE positions for the Rhode Island Reconnect program; and 1.0 FTE Director of P-20 Readiness and Transition position. Of the 45.0 positions provided, 11.0 are available only for the State’s Higher Education Centers located in Woonsocket and Westerly, and 10.0 for the Nursing Education Center.



Office of the Postsecondary Commissioner	General Revenue
FY2023 Enacted	\$18,597,940
<i>Target and Other Adjustments</i>	
Last Dollar (Promise I) Scholarship Fund Source	278,347
Hope Scholarship - RIC	5,100,000
Rhode Island Promise Scholarship Program	4,000,000
RI Longitudinal Data System (3.0 new FTE positions, 4.0 transferred FTE positions)	668,101
RI Reconnect (3.0 FTE positions)	575,000
Legal and Labor Related Services	313,501
Higher Education Finance Review	223,298
PK-20 Public Education Strategic Plan (1.0 FTE position)	205,500
FY2024 Enacted	\$30,102,355

Office of the Post Secondary Commissioner	Other Fund Changes
ARPA SFRF: RI Reconnect (federal funds)	\$8,000,000
ARPA SFRF: Fresh Start: CCRI Scholarship (federal funds)	5,000,000
ARPA SFRF: Cyber Security Center at RIC (federal funds)	2,000,000
Higher Education and Industry Centers (restricted receipts)	1,794,866
Preschool Development Grant (federal funds)	75,000

Last Dollar (Promise I) Scholarship Fund Source **\$5.1 million**

The Budget shifts \$4.8 million in reserve spending from the Division of Higher Education Assistance to general revenue and adds \$300,000 in general revenue for qualified students attending private universities in Rhode Island, increasing the funding from \$1.5 million to \$1.8 million. The remaining \$8.1 million of the total \$9.9 million appropriation is distributed to students at the State institutions, including \$2.6 million to URI, \$2.2 million to RIC, and \$3.3 million to CCRI. Shifting scholarship funding to general revenue will provide full funding to programs in FY2024. Based on current projections, however, there will not be sufficient funding for the Dual/Concurrent Enrollment program and the RI Last Dollar (Promise I Need-Based) Scholarship program in FY2025.

Projection of DHEA Revenues/Expenses for FY2022 through FY2025

	FY2022 Actual	FY2023 Projected	FY2024 Enacted	FY2025 Projected
Revenues				
Reserves ¹	\$9,622,633	\$12,137,948	\$4,042,948	\$547,948
CollegeBound Fund Fees (from Treasurer)	4,906,782	4,200,000	4,000,000	3,600,000
General Revenue ²	9,595,000	-	5,100,000	-
Total	\$24,124,415	\$16,337,948	\$13,142,948	\$4,147,948
Expenditures				
Promise 1 Scholarship (CollegeBound Fees)	-	(5,595,000)	(3,900,000)	(5,595,000)
Promise 1 Scholarship (DHEA Reserves)	-	(4,000,000)	(895,000)	(4,000,000)
Promise 1 Scholarship (general revenue)	(9,595,000)	-	(5,100,000)	-
Dual/Concurrent Enrollment (CollegeBound Fees)	(2,212,214)	(2,300,000)	(2,300,000)	(2,300,000)
Personnel Expenses (DHEA Reserves)	(275,328)	(400,000)	(400,000)	(400,000)
Total	(\$12,082,542)	(\$12,295,000)	(\$12,595,000)	(\$12,295,000)
Ending Balance	\$12,041,873	\$4,042,948	\$547,948	(\$8,147,052)

¹ Any unused CollegeBound fund fee revenue is deposited into the Reserves account for future use. FY2023 balance as provided by OPC on 3.6.2023

² The FY2022 Budget as Enacted provided a "one-time" infusion of general revenue to preserve other fund sources for another fiscal year. In FY2024, the Budget provides another infusion of general revenue.

Source: Reserves and expenditure projections from OPC and the FY2024 database. CollegeBound Fee projections from the General Treasurer's Office.

On December 6, 2017, the Council on Postsecondary Education voted to authorize the Commissioner to transfer the Federal Family Education Loan Portfolio to the United States Department of Education. The transfer was completed in FY2018; consequently, the Division of Higher Education Assistance (DHEA) no longer receives any guaranty agency fee revenues. Without the revenues, the reserves balance declines and will be exhausted in FY2025. Pursuant to RIGL 16-57-6.1(b) and 16-56-6, CollegeBound Fund fees must be used for need-based grant programs; thereby limiting the use of these funds. Additionally, revenues from the CollegeBound fund are expected to decline due to the raising average age of participants and smaller contributions. The revenues are based on the amount of assets under management.

As the average age of the participants increases and participants enter college, they will withdraw assets. Furthermore, the new, younger participants are not joining in the numbers needed to offset withdrawals, and these new participants are generally making smaller contributions to their savings plans. Historically generating about \$6.0 million annually, the General Treasurer projects revenue to decline to \$4.2 million in FY2023, \$4.0 million in FY2024, and \$3.6 million in FY2025. These revenues are used to partially support the need-based Promise I grant program.

Hope Scholarship - RIC**\$4.0 million**

In an effort to increase the number of students enrolling and completing four-year degrees and certificates on time, Article 8 establishes the Hope Scholarship Pilot program. The pilot program begins with students who enroll in Rhode Island College (RIC) in the fall of 2023 and students enrolled in RIC as of July 1, 2021, who have attained junior status as of July 1, 2023. Students who enrolled as of July 1, 2022, and have attained junior status at RIC as of July 1, 2024 are also eligible if they are in compliance with the other requirements such as credit attainment and grade point average.

The scholarship will cover the cost of up to two years of tuition and mandatory fees for the junior and senior years of the student, or for adult students who have attained at least 60 credit hours. While the eligibility requirements are very similar to the Promise II Scholarship program at the Community College of Rhode

Island, students cannot receive an award under both programs. The Budget includes \$4.0 million in general revenue for this program in FY2024.

The scholarship is modeled after the Rhode Island Promise Scholarship and requires the timely accrual of credit hours and grade point average of 2.5 or greater; however, the Hope Scholarship is available to adult students and allows for the completion of the necessary 60 credit hours over four years, instead of two. While not defined within the statute, RIGL 16-112, adult students are generally 25 years of age and older.

The Article requires annual reporting, as with the Rhode Island Promise Scholarship program, beginning in November 2023. The November reports will project the cost of the program for the current and following fiscal year and be submitted to the Office of Management and Budget, the State Budget Officer, the House Fiscal Advisor, the Senate Fiscal Advisor, the Commissioner of Postsecondary Education, and the Chair of the Council on Postsecondary Education. A report evaluating the program will be submitted annually on or before July 1 to the Governor, the Speaker of the House, and the President of the Senate.

The Council on Postsecondary Education is authorized to promulgate rules and regulations for the program, while RIC will establish appeal procedures for the award, denial, or revocation of scholarship funding. The Hope Scholarship program begins on July 1, 2023, and sunsets on July 1, 2028, unless further action is taken by the General Assembly.

Rhode Island Promise Scholarship Program

\$668,101

The Budget includes an additional \$446,974 in general revenue (\$8.6 million total) to fund the Rhode Island Promise Scholarship program (RI Promise). Article 3 of the FY2018 Budget established the program to provide students with two years of tuition and mandatory fees at the Community College of Rhode Island (CCRI), less federal and all other financial aid available to the recipient. The increase is due to a projected enrollment increase of 18.8 percent (505 students) and the 5.0 percent increase in tuition and fees at the College. The program was scheduled to sunset with the high school graduating class of 2021; however, 2021-S-0079 Sub A eliminated the sunset and made the program permanent.

Rhode Island Longitudinal Data System (3.0 new FTE positions, 4.0 transferred positions)

\$575,000

The Budget includes \$472,769 in general revenue to partially support 3.3 FTE positions and \$102,231 in operating costs (\$575,000 total general revenue) to provide long-term sustainability for the Rhode Island Statewide Longitudinal Data System (RILDS) built, maintained and operated by DataSpark at URI. In addition, to support the transferred positions, the budget includes \$466,118 in federal funds to support 3.25 FTE positions, and \$64,000 in restricted receipts is to support 0.45 FTE positions. Total funding for the program is \$1.1 million with 7.0 FTE positions, including 3.0 new FTE positions and 4.0 FTE transferred positions.

The RILDS, previously known as the RI Data HUB, centralizes more than 50 previously isolated datasets from eleven sources over three decades. DataSpark leverages the RILDS to inform policy and resource allocation, improve student learning and outcomes, promote workforce and economic development, and address equity issues. Historically, DataSpark has been supported through federal grants from the United States Department of Education and the Rhode Island Department of Labor and Training; however, the current federal grant supporting DataSpark is expiring. Due to decreasing support over the last three years, the team has been reduced from eleven to four FTE positions. Without sustainable support, the RILDS would cease operations midway through FY2024.

RI Reconnect (3.0 FTE positions)

\$313,501

The Budget includes \$313,501 in general revenue to support 3.0 new FTE Higher Education Academy – Navigator positions and \$8.0 million in ARPA SFRF funds to expand the RI Reconnect program. RI Reconnect works with multiple agencies and programs including back to work/Real Jobs, the All Course Network, and Enroll RI. The program would also align efforts at the state’s higher education institutions to increase enrollment in postsecondary education.

Legal and Labor Related Services **\$223,298**

The Budget increases funding for legal and labor-related services by \$223,298 to a total of \$321,298 to bring support in line with historical levels. Actual expenditures were \$289,940 in FY2021 and \$273,264 in FY2022. The funding supports services such as the General Counsel to the Council on Postsecondary Education, labor relations, general liability claims, bargaining unit contract negotiations for RIC and CCRI, and contract review. The funding is provided in response to the recommendation of the Finance and Facilities Committee of the Council on Postsecondary Education to address the capacity of the Commissioner's Office to meet the statutory requirements of the Office, in RIGL 16-59, and the strategic goals of the Council and the State.

Higher Education Finance Review **\$205,500**

The Budget provides \$205,500 in professional services to enable the OPC to examine strategies for public and private investment to support Rhode Island students. The budget would support a range of professional services, such as data analysis, accounting, general administrative support, and communications support, and enable the OPC to provide recommendations on the implications of expanding state-funded scholarships program and to begin developing a predictable funding policy.

PK-20 Public Education Strategic Plan (1.0 FTE position) **\$140,668**

On September 26, 2022, the Council on Postsecondary Education approved OPC's new classification of Director of PK-20 Readiness and Transition to meet the changing needs of the organization and its stakeholders. The Budget provides \$140,668 in salary and benefits to support the new 1.0 FTE position. In March 2022, the Board of Education approved the strategic plan for joint work between OPC and the Department of Elementary and Secondary Education to ease the transition of students from PK-12 into postsecondary education.

Federal Fund Changes **\$15.1 million**

The Budget includes an increase in federal funding of \$15.1 million, including the following:

- **ARPA SFRF: RI Reconnect (\$8.0 million):** The Budget provides \$8.0 million in federal ARPA SFRF proceeds for operating costs associated with the RI Reconnect program that assists adults returning to school or changing careers. Each participant is paired with a Navigator who helps them connect to postsecondary and workforce training providers, and assist in addressing out-of-pocket costs not covered by tuition, such as childcare, transportation, and access to technology. A portion of the funds will be used to address barriers to the attainment of teacher certification as a second language education or special education teacher. Approximately 90.0 percent of the funding will provide direct support, training, and wraparound services to 1,500 Rhode Islanders across the State at an average cost of \$3,300 per participant.

While the Budget includes \$313,501 in general revenue to support 3.0 new FTE Higher Education Academy – Navigator positions, some of the federal funds will be used to provide up to ten part-time educational navigators to guide participants as they return to school or job training.

RI Reconnect was created in January 2020 through a partnership between the Office of the Postsecondary Commissioner (OPC) and the Department of Labor and Training (DLT). The program has helped more than 2,300 Rhode Islanders enroll or re-enroll in college, receive job training, or secure employment. This program coordinates and leverages existing programs including RI Reconnect, back-to-work/Real Jobs, All Course Network, and Enroll RI, as well as aligning work at the institutions of higher education to guide Rhode Islanders into postsecondary education.

- **ARPA SFRF: Fresh Start: CCRI Scholarship (\$5.0 million):** The Budget provides \$5.0 million in one-time funding to support two years of the new scholarship program, Fresh Start. The scholarship will recover lost enrollment at CCRI by focusing on adults who have earned some college credit but no degree. This last-dollar scholarship proposal would provide 1,000 adults with tuition and fee support for one

semester, the estimated time needed to regain their momentum and become eligible for federal aid. The program is targeted at the 24,000 adult students that were previously enrolled at CCRI but have not completed a credential from a college or university due to not meeting federal financial aid satisfactory academic progress (SAP). To qualify, one must:

- Be a Rhode Island resident who qualifies for in-state tuition and fees pursuant to the Residency Policy as adopted by the Council on Postsecondary Education. This includes undocumented students who meet the Residency Policy.
- Have not been enrolled at CCRI or any college between Fall 2022 – Spring 2023 semesters.
- Have not earned an associate or bachelor’s degree.
- Complete a 2023-2024 FAFSA and all financial aid requirements.
- Students not meeting Satisfactory Academic Progress (SAP) must complete the appeal process during the first semester of the scholarship. CCRI has an 85.0 percent appeal approval rate.
- **ARPA SFRF: Cyber Security Center at RIC (\$2.0 million):** Pursuant to a Governor’s budget amendment, dated April 7, 2023, the Budget includes \$2.0 million in SFRF funds, appropriated through the Office of the Postsecondary Commissioner, to establish and support a new Institute for Cybersecurity & Emerging Technologies. The \$2.0 million in SFRF and additional institutional funds will support three years of program development and operating costs. The Center will provide certificate, baccalaureate, and master’s level courses with a focus on research and developing highly-skilled cybersecurity professionals.
- **Preschool Development Grant (\$75,000):** Pursuant to a Governor’s budget amendment, dated March 17, 2023, the Budget increases federal funds by \$75,000 to reflect the recent award of the Preschool Development Grant (PDG) Birth to Five Planning Grant. The grant proceeds are limited to capacity-building activities, including planning and pilot programs, to advance the coordination and effectiveness of the early childhood system.

Higher Education and Industry Centers (restricted receipts) \$1.8 million

The Budget includes an additional \$1.8 million (\$5.8 million total) in restricted receipts for the two Higher Education and Industry Centers. Of the total increase, \$1.1 million is for increased professional services, including \$1.0 million at the Westerly Education Center (WEC) and at the Woonsocket Education Center (WOC), formerly known as the Northern Education Center. The increase at WEC is due to increased Electric Boat trainings at the facility. At the WOC the increase is \$100,000 for the first full year of programming at the new facility. An additional \$450,000 in capital purchases is provided to expand annex space at WEC for additional services and to build out the second floor of the WOC facility. Due to construction delays, the Northern Education Center has started programming out of the former Monsignor Gaudory School in FY2023; however, the WOC, located at 115 Main Street, opened in August 2022.

UNIVERSITY OF RHODE ISLAND

Expenditures By Source	FY2022 Actual	FY2023 Enacted	FY2023 Final	Change from Enacted		FY2024 Enacted	Change from Enacted	
General Revenue	\$120.2	\$121.8	\$122.2	\$0.3	0.3%	\$138.8	\$17.0	13.9%
Federal Funds	-	-	-	-	-	20.0	20.0	-
Other Funds	753.1	760.1	765.5	5.5	0.7%	834.4	74.3	9.8%
Total	\$873.3	\$881.9	\$887.7	\$5.8	0.7%	\$993.2	\$111.3	12.6%

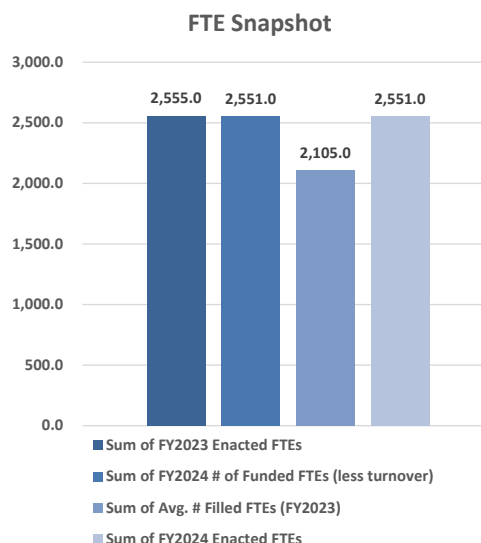
\$ in millions

The University of Rhode Island (URI) was founded in 1888 as an agricultural school known as the Rhode Island College of Agriculture and Mechanic Arts. The college was actually the second State college established in Rhode Island. The Agricultural Experiment Station building was the first structure on campus, and was built in 1889: the building was later renamed Taft Hall. Today, Taft Hall houses internship,

international exchange, and foreign student programs. In 1955, the school became known as the University of Rhode Island.

URI quickly evolved beyond its genesis as a land grant and agricultural school, and today has retained a focus on biological and natural sciences, along with a developing focus on technology in areas such as ocean engineering, chemistry, pharmacy, economics, nursing, and renewable energy. URI has the third oldest continuously operating marine laboratory in the United States, the oldest turfgrass research program in the country, and has implemented green building technology in the expansion and renovation of its facilities. URI provides Bachelor’s, Master’s, and Doctorate level degrees.

URI has four campuses: the 1,250-acre Kingston Campus; the 153-acre Bay Campus in Narragansett; the Providence Campus, located in the Shepard Building on Washington Street in Providence; and, the W. Alton Jones Campus located on 2,300 acres in West Greenwich. The Budget provides 2,551 FTE positions, including 353.8 positions that are third party funded, a reduction of 4.0 FTE positions reflecting the transfer of third-party funded FTEs associated with the Rhode Island Longitudinal Data System (RILDS) to OPC.



Major Issues and Trends

The URI Board of Trustees requested a 3.9 percent (\$530) increase for in-state tuition and 4.5 percent (\$1,444) increase for out-of-state tuition. There is a net decrease in mandatory fees of 0.1 percent (\$2), including a decrease of 8.5 percent (\$42) for the Memorial Union fee and 5.0 percent (\$34) for the Health Services fee, partially offset by an increase of 21.6 percent (\$64) in the technology fee and 11.1 percent (\$10) for the Fitness and Wellness Center fee.

In addition to the 5.5 percent increase in tuition and fee revenue, URI requested a general revenue, state appropriation increase of \$32.0 million (35.1 percent relative to the FY2023 Budget as Enacted) excluding general obligation debt service. The increase in state appropriation is to support \$24.2 million in cost increases associated with the current service level and additional \$14.3 million in new initiatives. Increases in operating costs included inflationary increase (\$3.3 million), utilities and insurance (\$1.6 million), increased fees for programs with dedicated revenue (\$1.4 million), and a new Women’s Lacrosse program (\$0.4 million). An additional women’s sports program was required under Title IX to provide equitable access to varsity sports for women, currently more than 50.0 percent of the student enrollment. While funding for the coach and assistant was provided in FY2023 in order to begin the hiring process, the FY2024 funding supports a Strength and Conditioning Coach, an Operations Supervisor, and some operating expenses.

Revenue Initiative	Amount	Percentage Change
State Appropriation ¹	\$32.0	35.1%
Tuition and Fees	20.3	5.5%
All Other	0.3	2.0%
Total	\$52.6	9.7%
Expenditure Initiatives		
Maintain Current Services	\$35.5	7.4%
FY2023 Operational Deficit	11.3	n/a
Personnel (COLA/Contractual)	9.8	5.9%
Operating	6.7	23.6%
Student Aid	5.6	4.5%
Non-GO Debt Service	2.1	26.3%
New Initiatives	\$14.3	
Blue Economy	1.5	n/a
Health & Well-being	2.5	n/a
Diversity & Student Success	2.4	n/a
Revenue Generation	7.9	n/a
Total	\$49.8	

¹ Excludes G.O. debt service.

\$ in millions.

Of the \$35.5 million requested increase to cover the cost of the current service level, \$11.3 million is for the FY2023 deficit that carries into FY2024. The components of this deficit are included in the table to the right. The largest component is the cost of living agreement (COLA) for classified employees that was provided in the statewide contract negotiated in FY2022.

URI FY2023 Operating Deficit	
COLA - Classified Employees (Dec 2022)	\$4.9
FY2023 Request Shortfall	0.6
Tenure Track Faculty and Lectures	2.1
Faculty for Nursing (to add 65 students)	0.4
Cybersecurity	1.2
Research	0.5
Enterprise Resource Planning (ERP) Software	0.8
Mental Health Staff & Support	0.4
Human Resources	0.4
Total	\$11.3

\$ in millions

In FY2024, URI requests \$14.3 million in funding for new initiatives that correlate with URI’s four strategic priorities:

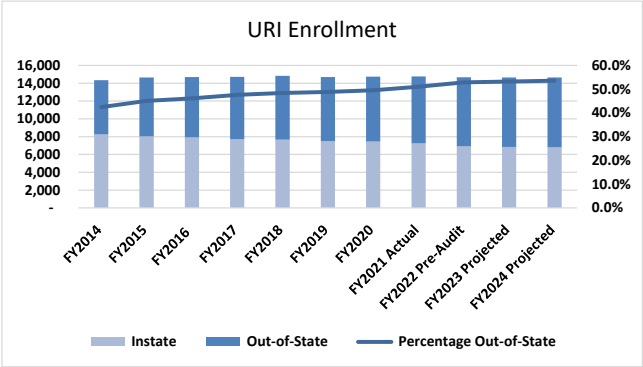
- **Blue Economy:** Broaden the University’s impact through a reinvigorated commitment to land- and sea-grant missions
- **Health & Well-being:** Enhance student achievement by cultivating an engaged and inclusive learning environment
- **Diversity & Student Success:** Foster inclusive, people-centered culture
- **Revenue Generation:** Implement leading-edge administrative and financial systems and practices to power the university of the future

To further these priorities, URI requested \$7.7 million, including \$1.8 million general revenue, in salaries and benefits to support 40.3 FTE non-classified positions, 13.0 tenure-track faculty positions, and 9.0 classified positions to realize the goals identified in the draft strategic plan. The proposal includes hiring faculty and staff to develop high-demand programs and conduct world-class research, increasing student success through advising, mental health and wellness, and recreational programs, and investing in infrastructure to support these programs.

While approving the tuition and fee increase, the Budget provides a state appropriation increase of \$14.1 million, excluding debt service for general obligation bonds. The increase provides \$12.4 million for current services and \$1.5 million for the Blue Economy as provided in the request from URI.

Enrollment

In-state enrollment is projected to be 6,804 full-time equivalent students, a decrease of 283, or 4.1 percent from the FY2023 Budget as Enacted. Out-of-state student enrollment is projected at 7,841 in FY2024, an increase of 359, or 4.6 percent. The projected net enrollment for FY2024 reflects an overall increase in enrollment of 76 FTEs, 0.5 percent, relative to the FY2023 Budget as Enacted. The FY2023 Revised projection reflects a net increase of 84 students, 0.6 percent, relative to the FY2023 Enacted level, with in-state enrollment declining by 231 FTEs and out-of-state enrollment increasing by 315 FTEs.



University of Rhode Island	General Revenue
FY2023 Enacted	\$121,835,645
<i>Target and Other Adjustments</i>	
State Appropriation	14,119,305
General Obligation Debt Service	2,763,795
State Crime Lab	102,729
FY2024 Enacted	\$138,821,474

University of Rhode Island	Other Fund Changes
ARPA SFRF: PFAS Water Treatment (federal funds)	\$20,000,000

State Appropriation **\$14.1 million**

The state appropriation for URI increases by \$14.1 million in FY2024 to a total of \$104.5 million, excluding general obligation bond debt service and the State Crime Lab. Of the total increase, \$12.4 million is to fund increased costs for the current service level, and \$1.5 million is for the Blue Economy initiative requested by URI. As indicated in the request detailed under the “Major Issues and Trends” section, URI requested an all funds increase for current service of \$35.5 million, deducting the FY2023 operational deficit would reduce this request to \$24.2 million.

The Blue Economy initiative is part of URI’s strategic plan priorities to broaden the impact of the University through a reinvigorated commitment to land- and sea-grant missions. The proposal is projected to cost a total of \$5.6 million over five years and includes funding for 7.0 new FTE positions, as provided in the table, that were not included in the Budget.

URI Blue Economy Initiative			
Position	FTE	Amount	
Assist. Prof. Blue Economy Supports Blue Economy Initiatives	1.0	\$153,944	
Asst. Prof. Coastal Resilience Supports Blue Economy Initiatives	1.0	135,772	
Asst. Prof. Fisheries Supports Blue Economy Supports	1.0	135,772	
Asst. Prof. Mechanical/Industrial Supports nanotechnology and advanced manufacturing programs	1.0	141,829	
Asst. Teach. Prof. Mechanical/Industrial Supports nanotechnology and advanced manufacturing programs	1.0	117,599	
Asst. Teach. Prof. Ocean Supports offshore wind and coastal resiliency programs	1.0	117,599	
Asst. Prof. Oceanography Supports Blue Economy initiatives	1.0	129,714	
Operating - state match for federal grants	-	600,000	
Total	7.0	\$1,532,229	

General Obligation Debt Service **\$2.8 million**

The Budget includes \$31.8 million in general revenue for general obligation debt service at URI in FY2024 and \$29.3 million in FY2023. This is an increase of \$2.8 million in FY2024 and \$253,084 in FY2023 relative to the FY2023 Budget as Enacted. The change is primarily due to the issuance of more bonds in November, including \$17.0 million for the URI Fine Arts Center and \$4.0 million for the Narragansett Bay Campus.

	Debt Service						
	FY2023 Enacted	FY2023 Final	Change from Enacted	%	FY2024 Enacted	Change from Enacted	%
University of Rhode Island	\$29,049,378	\$29,302,462	\$253,084	0.9%	\$31,813,173	\$2,763,795	9.5%
Rhode Island College	6,002,565	6,219,501	216,936	3.6%	8,732,729	2,730,164	45.5%
Community College of Rhode Island	1,405,299	1,441,479	36,180	2.6%	807,992	(597,307)	-42.5%
Total	\$36,457,242	\$36,963,442	\$506,200	1.4%	\$41,353,894	\$4,896,652	13.4%

Source: Rhode Island Budget Office

Crime Lab **\$102,729**

The Budget provides an additional \$102,729 in general revenue (\$1.6 million total) for the State Crime Lab for target and other adjustments, consistent with the requested budget.

ARPA SFRF: PFAS Water Treatment (federal funds)

\$20.0 million

The Budget provides \$20.0 million in SFRF proceeds to develop and construct a PFAS removal system. In 2022, the Assembly mandated that by July 1, 2023, public water supply systems could not have PFAS contamination levels greater than twenty parts per trillion. URI reports that the three wells exceed the legal limit.

2023-S-0724 Sub A amended the PFAS statute to provide that if contaminants exceed the limit, the department has 180 days to enter into to consent agreement that maps out the plan to bring the water supply into compliance. According to URI, as of July 24, 2023, the consent agreement is in process and is expected to be completed by December 31, 2023. Also, URI is currently working with State Purchasing to start the process to build a water treatment plan.

RHODE ISLAND COLLEGE (RIC)

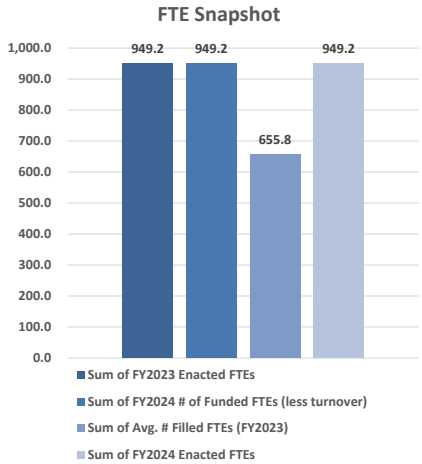
Expenditures By Source	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Final	Enacted	Final	Enacted		Enacted	Enacted	
General Revenue	\$66.1	\$68.3	\$68.6	\$0.2	0.4%	\$76.5	\$8.2	12.0%
Federal Funds	-	-	-	-	-	-	-	-
Other Funds	94.5	127.1	128.8	1.7	1.4%	131.9	4.9	3.8%
Total	\$160.7	\$195.4	\$197.4	\$2.0	1.0%	\$208.5	\$13.1	6.7%

\$ in millions

Rhode Island College (RIC) was established in 1854 as the Rhode Island State Normal School, with the mission of providing teacher preparation to Rhode Island residents. In 1959, RIC moved to its current campus location on 180 acres off of Mount Pleasant Avenue in Providence and was renamed Rhode Island College to reflect expanded curriculum.

Today, RIC provides comprehensive education at the Bachelor’s and Master’s level, with a focus on Rhode Island residents. Rhode Island College is accredited by the New England Commission of Higher Education, the Council on Social Work Education, National Association of Schools of Art and Design, National Association of Schools of Music, National Association of State Directors of Teacher Education and Certification, National Council for Accreditation of Teacher Education, and the Commission on Collegiate Nursing Education.

The Budget includes 949.2 FTE positions in FY2024, including 76.0 third-party funded positions, consistent with the FY2023 Budget as Enacted.



Major Issues and Trends

RIC’s Budget request does not include a tuition increase for in-state or out-of-state students; however, mandatory fees increase by 1.3 percent (\$20) relative to FY2023, including a \$10 increase in the Health, Counseling, and Wellness fee (\$160 total annually); and a \$10 increase in the Dining Center fee (\$225 total annually).

Due to a projected decline in enrollment of 4.8 percent, the tuition and fee revenue is projected to decrease by \$3.9 million relative to the FY2023 Budget as Enacted. RIC requested an increase in the state general revenue appropriation of \$6.1 million, excluding G.O. debt service, relative to the FY2023 Budget as Enacted. The FY2024 Budget request also continues investments of \$3.1 million for ongoing initiatives including enrollment management, new academic investments, and strategic hires.

To support growing programs, the request included \$500,000 each for life sciences, healthcare, and education to update equipment, procure appropriate supplies, and support specialized faculty. To strengthen academic and enterprise resources, the request includes \$1.0 million to support ITS systems, such as PeopleSoft, Peoples Admin, and Salesforce; recruitment and retention tools; and, continued investment in academic advising.

The college also requested \$500,000 to continue the investment in the new Certificate of Applied Biology and Biotechnology program, started in the FY2023 Budget, through additional equipment and supplies. Due to declining enrollment, student aid is projected to decrease by \$915,647, or 9.5 percent.

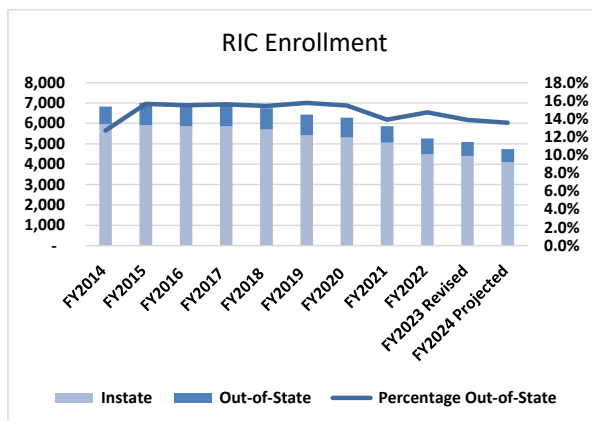
Of the \$6.1 million increase requested, excluding debt service for general obligation bonds, the Budget provides \$5.5 million, including \$3.1 million for current services adjustments, \$1.8 million for the Rhode Island Vision Education and Services Program, and \$500,000 in additional support for the Applied Biology and Biosciences Certificate. In addition, \$4.0 million is provided through the Office of the Postsecondary Commissioner to support the Hope Scholarship pilot program at RIC.

Enrollment

Total enrollment is projected to be 4,742 full-time equivalent students in FY2024, a decrease of 239 students, or 4.8 percent, relative to FY2023 Enacted enrollment, and a decrease of 351 students, or 6.9 percent from the FY2023 Revised level. This enrollment projection represents a decrease of 26.2 percent (1,687 students) from the FY2019 enrollment level. The Rhode Island Promise program providing free tuition to CCRI for recent high school graduates was passed in the FY2018 Budget and may have contributed to enrollment declines at RIC; however, the COVID-19 pandemic was also a factor.

Rhode Island College FY2024 Budget Request Change to FY2023 Budget as Enacted	
Revenue Initiatives	Change
State Appropriation	\$6.1
Tuition and Fee Revenue	(3.9)
Total	\$2.2
¹ Excludes general obligation bond debt	
Expenditure Request	Change
Investment in Growing Programs	\$1.5
Strengthening Academic and Enterprise	1.0
Continued Investment in Bio-tech	0.5
Student Aid - 9.5 Percent Decrease	(0.9)
Total	\$2.1

\$ in million. Totals may not add due to rounding.



Rhode Island College	General Revenue
FY2023 Enacted	\$68,343,852
<i>Target and Other Adjustments</i>	-
State Appropriation	5,472,626
General Obligation Debt Service	2,730,164
FY2024 Enacted	\$76,546,642

Rhode Island College	Other Fund Changes
Student Aid Correction (other funds)	\$5,132,284
State Appropriation	\$5.5 million

The Budget includes \$5.5 million in increased general revenue support (\$67.8 million total), excluding G.O. bond debt service. As indicated in the request detailed under the “Major Issues and Trends” section, Rhode Island College (RIC) had requested a \$6.1 million increase in the state appropriation to help support fixed costs, replace lagging tuition and fee revenue, as well as new investments in the College. The Budget provides \$3.1 million for current service costs and \$500,000 in increased support for the new Certificate of Applied Biology and Biosciences. The FY2023 Budget as Enacted provided \$700,000 and 1.0 new FTE to upgrade laboratory space and support the new program. The state investments are expected to leverage other support. The program is slated to open in the fall of 2023.

- **Sherlock Center Vision Services Program - \$1.8 million:** Included in the state appropriation is \$1.8 million in general revenue for the Sherlock Center Vision Services program to provide stable funding for the services provided to local education agencies. The Center provides teaching and consultation services to children who are blind or visually impaired, their families and educational staff within the school environment. The array of services available includes Early Intervention, Orientation and Mobility, and the instruction of specific compensatory skills to children from birth through 21 years.

General Obligation Debt Service **\$2.7 million**

The Budget provides \$8.7 million in FY2024 and \$6.2 million in FY2023 for general obligation debt service at RIC funded by general revenue. This is an increase of \$2.7 million in FY2024 and \$216,936 in FY2023 relative to the FY2023 Budget as Enacted. The increase is primarily due to the issuance of \$18.0 million in bonds for the Clarke Science Modernization project in November 2022.

	Debt Service						
	FY2023 Enacted	FY2023 Final	Change from Enacted		FY2024 Enacted	Change from Enacted	
University of Rhode Island	\$29,049,378	\$29,302,462	\$253,084	0.9%	\$31,813,173	\$2,763,795	9.5%
Rhode Island College	6,002,565	6,219,501	216,936	3.6%	8,732,729	2,730,164	45.5%
Community College of Rhode Island	1,405,299	1,441,479	36,180	2.6%	807,992	(597,307)	-42.5%
Total	\$36,457,242	\$36,963,442	\$506,200	1.4%	\$41,353,894	\$4,896,652	13.4%

Source: Rhode Island Budget Office

Student Aid Correction (other funds) **\$5.1 million**

Pursuant to a Governor’s budget amendment, dated February 14, 2023, the Budget corrects an inadvertent reduction in institutional student aid funding in the original budget proposal.

COMMUNITY COLLEGE OF RHODE ISLAND (CCRI)

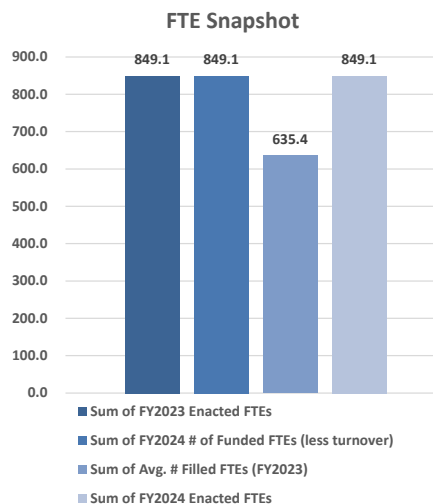
Expenditures By Source	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Final	Enacted	Final	Enacted	Enacted	Enacted	Enacted	Enacted
General Revenue	\$55.0	\$57.1	\$57.2	\$0.1	0.1%	\$59.3	\$2.2	3.9%
Federal Funds	2.0	1.8	3.3	1.5	81.3%	-	(1.8)	-100.0%
Restricted Receipts	0.8	0.8	0.8	(0.0)	-0.1%	0.8	0.0	2.9%
Other Funds	120.6	136.6	119.9	(16.6)	-12.2%	122.2	(14.3)	-10.5%
Total	\$178.2	\$196.3	\$181.2	(\$15.1)	-7.7%	\$182.4	(\$13.9)	-7.1%

\$ in millions

The Community College of Rhode Island (CCRI) was established by the General Assembly in 1960 as Rhode Island Junior College. The first class of 325 students enrolled at a temporary Providence location in the fall of 1964. CCRI has provided a variety of career, technical, and academic programs and has established partnerships with businesses and non-profit organizations to provide worker training.

Today, CCRI has four main campuses: the 205-acre Knight Campus in Warwick; the 300-acre Flanagan Campus in Lincoln; the 7-acre Liston Campus in downtown Providence; and the 5-acre Newport County Campus in Newport. In addition, CCRI holds classes in the Westerly Higher Education and Industry Center.

The Budget includes 849.1 FTE positions in FY2023 and FY2024, including 89.0 third-party funded FTE positions, consistent with the enacted level.



Major Issues and Trends

CCRI’s budget request includes a 4.6 percent increase in tuition and mandatory fees, with total tuition and fee revenue estimated to increase by \$4.4 million (8.8 percent) from the FY2023 Enacted level, or \$2.4 million (4.6 percent) from the FY2023 Revised level. The state appropriation request increases by \$7.7 million (13.9 percent) to \$63.4 million.

The expenditure request includes funding to support current services and \$7.7 million for strategic priorities.

- **Student Aid:** \$2.5 million would support a new scholarship program, Fresh Start, to recover lost enrollment by focusing on adults who have earned some college credit but no degree. This last-dollar scholarship proposal would provide 1,000 adults with tuition and fee support for one semester estimated to regain their momentum and become eligible for federal aid.
- **Personnel Investment:** \$1.5 million to support 14.0 new FTE positions, \$240,000 to bring CCRI Campus Police salaries in line with those at Rhode Island College, and \$85,000 to increase professional development for faculty and staff. The positions include 4.0 FTEs in Student Services, 5.0 FTEs in Workforce Partnerships, 2.0 FTEs in Academic Affairs, and 2.0 in Human Resources. The FTE cap is not increased.

**Community College of Rhode Island
FY2024 Budget Request
Change to FY2023 Budget as Enacted**

Revenue Initiatives	Amount
Tuition and Fees	\$2.4
State Appropriation ¹	7.7
Total	\$10.1
Expenditure Request	Amount
Student Aid	\$2.5
Personnel investment	1.9
Current Service Level	1.7
Technology and Other Operating	0.7
Continuing FY2023 Initiatives	0.6
Student Services	0.4
Total	\$7.7

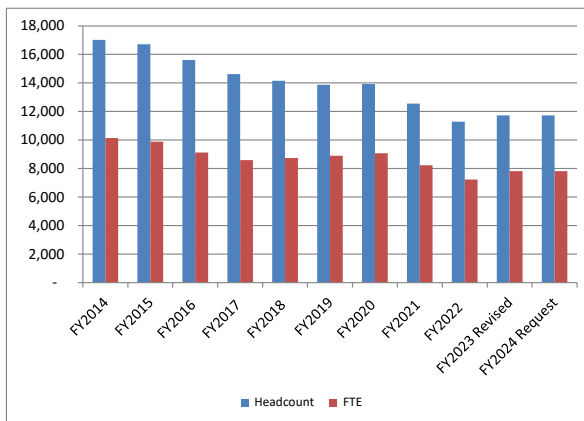
¹ Does not include G.O. bond debt service.
\$ in millions

- **Current Service Level:** \$1.7 million is requested to cover on-going expenses such as cost-of-living adjustments required in collective bargaining agreements and other operating expenses such as health insurance and utilities.
- **Technology and Other Operating:** \$688,000 is requested to implement a customer relationship management platform; begin moving the server infrastructure to a cloud-based system; procure software licenses to support on-line learning; support the printing of an Annual Student Support, Stewardship and Impact Report; and, increase marketing and advertising efforts.
- **Continuing FY2023 Initiatives:** \$550,000 is requested to make permanent the FY2023 investment to support healthcare worker training. Pursuant to a Governor’s Budget Amendment, dated May 20, 2022, the FY2023 Budget as Enacted added \$547,175 in general revenue to fund 4.0 FTE positions, within the College’s current staffing authorization, to provide support services and stipends for nursing assistant students, as well as marketing and advertising to recruit and train certified nursing assistants, licensed practical nurses, and registered nurses. This funding was not carried into the Governor’s FY2024 recommendation.
- **Student Services:** \$400,000 is requested to implement two new programs. The Benefits Hub project will provide students assistance in accessing public benefits for food and housing, advising and tutoring to support successful graduation from CCRI and subsequent employment. The Community First project will partner with community-based organizations to provide education, including ESL and degreed programs, and workforce training.

While approving the tuition and fee increase, the Budget provides an increase of \$2.8 million in general revenue funding, excluding G.O. debt service, about 36.8 percent of the requested expenditure increase of \$7.7 million; however, \$5.0 million in ARPA SFRF proceeds is provided through the Office of the Postsecondary Commissioner for the new Fresh Start scholarship program requested by CCRI. Included in the \$2.8 million increase is \$1.7 million for current services, \$547,295 in continued support for the healthcare workforce provided in FY2023, and \$543,528 for the Technology and Other Operating increases excluding advertising and printing the report. No new FTE positions were provided.

Enrollment

CCRI Student Enrollment					
Year	Headcount	Headcount		FTE %	
		% Change	FTE	Change	
FY2014	17,017	-1.9%	10,141	-2.8%	
FY2015	16,718	-1.8%	9,882	-2.6%	
FY2016	15,611	-6.6%	9,128	-7.6%	
FY2017	14,624	-6.3%	8,593	-5.9%	
FY2018	14,155	-3.2%	8,732	1.6%	
FY2019	13,878	-2.0%	8,899	1.9%	
FY2020	13,923	0.3%	9,065	1.9%	
FY2021	12,549	-9.9%	8,231	-9.2%	
FY2022	11,290	-10.0%	7,224	-12.2%	
FY2023 Revised	11,728	3.9%	7,816	8.2%	
FY2024 Request	11,728	0.0%	7,816	0.0%	
10-Year Average	14,149	-3.7%	8,771	-2.7%	



The table shows the actual student enrollment, both by headcount and by FTE, from 2014 through 2022, and projections for 2023 and 2024. In FY2023, enrollment is projected to decrease by 1,055 full-time equivalent students, or 12.8 percent, relative to FY2021.

Community College of Rhode Island	General Revenue
FY2023 Enacted	\$57,098,581

<i>Target and Other Adjustments</i>	-
State Appropriation	2,836,591
General Obligation Debt Service	(597,307)
FY2024 Enacted	\$59,337,865

State Appropriation **\$2.8 million**

State general revenue support for CCRI increases by \$2.8 million in FY2024 to a total of \$58.3 million, excluding general obligation bond debt service. As indicated in the request detailed under the “Major Issues and Trends” section, CCRI requested an increase of \$7.7 million over the FY2023 Budget as Enacted to support current services and strategic priorities. The Budget includes \$1.7 million for current services, \$547,295 in continued support for the healthcare workforce provided in FY2023, and \$543,528 for the Technology and Other Operating increases excluding advertising and printing the report. In addition, \$5.0 million in ARPA SFRF proceeds is provided through the Office of the Postsecondary Commissioner for the new Fresh Start Scholarship program requested by CCRI.

General Obligation Debt Service **(\$597,307)**

The Budget provides \$807,992 in FY2024 and \$1.4 million in FY2023 for general obligation debt service at CCRI funded by general revenue. This is a decrease of \$597,307 in FY2024 and an increase of \$36,180 in FY2023 relative to the FY2023 Budget as Enacted.

	Debt Service						
	FY2023 Enacted	FY2023 Final	Change from Enacted		FY2024 Enacted	Change from Enacted	
University of Rhode Island	\$29,049,378	\$29,302,462	\$253,084	0.9%	\$31,813,173	\$2,763,795	9.5%
Rhode Island College	6,002,565	6,219,501	216,936	3.6%	8,732,729	2,730,164	45.5%
Community College of Rhode Island	1,405,299	1,441,479	36,180	2.6%	807,992	(597,307)	-42.5%
Total	\$36,457,242	\$36,963,442	\$506,200	1.4%	\$41,353,894	\$4,896,652	13.4%

Source: Rhode Island Budget Office

CAPITAL PROJECTS

The Budget includes a total of \$98.6 million in capital expenditures from Rhode Island Capital Plan (RICAP) funds in FY2024 and \$61.4 million in FY2023, including the following.

- **URI, RIC, CCRI – Asset Protection:** Asset Protection projects are budgeted from Rhode Island Capital Plan funds (RICAP) and are used to maintain and repair facilities, including roads, buildings, and infrastructure. The asset protection program includes a number of projects at various facilities, and allows each school to shift funding based on current priorities. In FY2024, there is a total of \$21.6 million, including \$13.5 million in RICAP asset protection funding for URI, \$5.4 million for RIC, and \$2.7 million for CCRI. In FY2023, the Budget includes a total of \$26.2 million in asset protection funding for URI (\$11.4 million), RIC (\$10.5 million), and CCRI (\$4.3 million).
- **URI – Athletics Complex Renewal (new project):** The Budget provides \$65.8 million in RICAP funds from FY2024 through FY2026 to provide 80.0 percent of the \$82.3 million athletics complex renewal project requested by URI. The project includes the Meade Stadium East Grandstands (\$42.0 million), the Slade Outdoor Track and Field (\$12.1 million), Beck Baseball Field (\$10.3 million), the softball field (\$7.3 million), the soccer field (\$4.4 million), and Tootell pool repairs (\$6.2 million). The Budget provides that RICAP funds will provide not more than 80.0 percent of the total project cost. To begin the project, the Budget provides \$26.3 million in FY2024.
- **URI – Fine Arts Center:** This project involves the renovation and construction of an addition to the Fine Arts Center to meet current and future teaching, performance, research, and outreach requirements.

Phase IA is complete. Phase IB is based on planning from Phase IA and includes the replacement of several pods serving the Art and Art History Department with a new three-story building to house studios and offices for the Art, Music, and Art History Departments. Phase II will provide upgrades to the interiors of the performance halls for Theater and Music. Phase IB and Phase II are projected to cost \$78.3 million, including \$56.3 million in general obligation bond proceeds (approved in March 2021), \$16.0 million in RICAP funds, and \$5.0 million in private funding. The Budget provides \$8.0 million in RICAP funding (\$43.1 million total) in FY2024 and \$8.0 million in RICAP funding (\$21.5 million total) in FY2023 to begin this project. The new building is projected to open for the spring 2025 semester. Phase II will commence upon receipt of the private funding to support the project.

- **URI – Bay Campus:** In addition to the \$100.0 million general obligation bond question for the November 2022 ballot, the Budget provides \$6.0 million in RICAP funding annually in FY2024 and FY2023 toward repairs and construction on the Narragansett Bay Campus in support of education and research for the marine disciplines.
- **URI Academic Mechanical, Electrical, and Plumbing:** The Budget provides \$4.4 million in FY2024 and \$294,533 in FY2023 to provide new HVAC systems in Fogarty and White Hall. The total project cost is \$17.9 million. Fogarty Hall, currently housing the Crime Lab and Nutrition and Food Science Department, will be renovated for administrative and academic departments. Substantial renovations will address the building envelope, mechanical systems, HVAC, as well as removing laboratory fixtures and associated utilities. White Hall, currently housing the College of Nursing, requires the upgrade of obsolete building systems and building envelope improvements, including foundation waterproofing, a drainage system, and minor cosmetic improvements.
- **URI Fire Protection Academic Phase 2:** The Budget includes \$3.1 million in FY2024 and \$1.7 million in FY2023 toward the total cost of \$8.1 million to provide safety improvements. This project involves the installation of fire-suppressing sprinkler systems, the upgrade/replacement of existing fire alarm systems, and safety improvements in academic and administrative buildings in order to comply with changes in the State Fire Code. This phase will also provide a central bank of generators to provide the necessary power back up to allow the University to shelter in place during prolonged power outages. Phase I (\$25.8 million) of this project was completed in December 2016.
- **OPC – Northern RI Education Center:** The Budget provides \$3.7 million in FY2023 to expand the RI Education Center model to Northern RI. The new Woonsocket Education Center (WOC) opened August 2022.
- **RIC – Phase III Master Plan:** Phase III of the Master Plan at RIC will complete major renovations to the Clarke Science Building, which houses the Department of Physical Sciences. The building includes several labs, two lecture halls, classrooms, and faculty offices. In March 2021, voters approved a \$38.0 million general obligation bond for this project. In addition to the bond proceeds, the Budget provides \$15.0 million in RICAP funds, including \$10.0 million in FY2024 and \$5.0 million in FY2025.
- **RIC Infrastructure Modernization:** The Budget provides \$5.3 million in RICAP funding in FY2024 and \$7.8 million in FY2023 to modernize and replace steam lines, water lines, and the electrical distribution system across the RIC campus. Improvements will address issues of water quality, limit power failures, and eliminate steam plumes throughout the campus.
- **CCRI Knight Campus Renewal:** The Budget includes \$1.4 million in RICAP funding in FY2024 and \$2.9 million in FY2023 for the renovation of 280,000 square feet of the 385,000 square-foot Knight Campus Megastructure, including lighting, painting, and replacement of carpeting/tile.
- **CCRI Flanagan Campus Renewal (Lincoln):** The Budget provides \$4.5 million in FY2024 and \$200,000 in FY2023 to begin the renewal of the Flanagan Campus in Lincoln. This \$12.5 million project includes the modernization and code compliance upgrades to all of the science labs at the Lincoln campus, as

well as the refurbishment of the exterior including heat resistance paint, window replacement, and light abatement.

- **CCRI Data, Cabling, and Power Infrastructure:** The Budget provides \$3.3 million in FY2024 and \$1.8 million in FY2023 to assess, design, and construct a modernized data cabling and power infrastructure across the four CCRI campuses. The project will upgrade network wiring infrastructure and deliver more capacity to support additional classroom technology, wireless devices and security systems, including cameras, emergency alarm systems, and HVAC control systems.
- **CCRI Knight Campus Lab Renovation:** The Budget provides \$53,790 in FY2023 to complete the modernization of the second-floor labs on CCRI's Knight Campus. The Engineering and Physics labs have not been renovated since the mega-structure was built in the 1970's. The project will bring the labs up to current code, including Americans with Disability Act (ADA) requirements and enclosures will be constructed to prevent distractions from people walking past the lab. The equipment will be modernized to reflect current employer expectations.

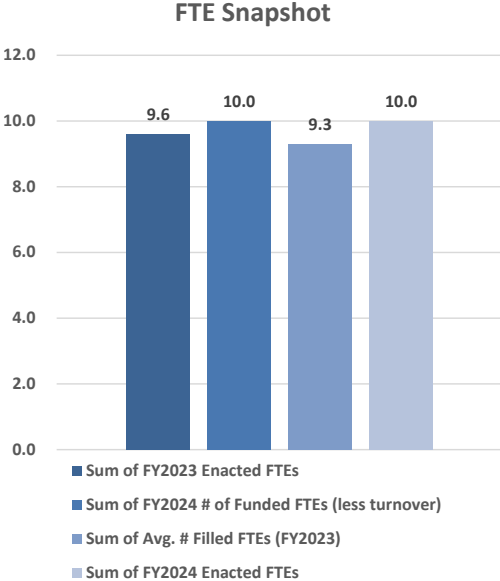
Rhode Island State Council on the Arts

Expenditures by Program	FY2022 Actual	FY2023 Enacted	FY2023 Final	Change from Enacted		FY2024 Enacted	Change from Enacted	
Central Management	\$3,906,256	\$4,164,995	\$4,342,869	\$177,874	4.3%	\$3,869,758	(\$295,237)	-7.1%
Expenditures by Source								
General Revenue	\$2,023,257	\$2,198,276	\$2,185,921	(\$12,355)	-0.6%	\$2,292,758	\$94,482	4.3%
Federal Funds	1,453,012	1,331,719	1,521,448	189,729	14.2%	987,000	(344,719)	-25.9%
Restricted Receipts	3,781	50,000	50,500	-	0.0%	5,000	(45,000)	-90.0%
Other Funds	426,206	585,000	585,000	-	0.0%	585,000	-	0.0%
Total	\$3,906,256	\$4,164,995	\$4,342,869	\$177,874	4.3%	\$3,869,758	(\$295,237)	-7.1%
Authorized FTE Levels	9.6	9.6	9.6	-	-	10	0.4	4.2%

The Rhode Island State Council on the Arts (RISCA) provides grants, technical assistance and support to arts organizations, schools, community centers, social service organizations, and local governments to bring the arts into the lives of Rhode Islanders. RISCA provides these services through grant making, partnerships, education, and technical assistance. RISCA also manages the Art for Public Facilities Program providing art for state facilities.

MAJOR ISSUES AND TRENDS

The Budget increases general revenues by \$94,482 (4.3 percent) and decreases federal funds by \$344,719 (25.9 percent) as compared to the FY2023 Budget as Enacted. The general revenues increase is primarily due to an increase in the Department’s FTE authorization, as well as an increase in WaterFire funding. The federal funds decrease reflects the most recent round of funding for individuals and organizations receiving National Endowment for the Arts funds, as well as the end of pandemic-related funding. The Budget authorizes 10.0 FTE positions in FY2024, an increase of 0.4 FTE positions as compared to the FY2023 Budget as Enacted.



CENTRAL MANAGEMENT

The Rhode Island Council of the Arts consists of one main program and three subprograms. Within the main Central Management programs is the Grants and Operating Support subprograms and the Film Commission.

RI State Council on the Arts	General Revenue
FY2023 Enacted	\$2,198,276
Target and Other Adjustments	\$94,482
Film Office Deputy Director (0.4 FTE)	35,430
WaterFire Providence Adjustment	25,000
FY2024 Enacted	\$2,292,758

Film Office Deputy Director (0.4 FTE)**\$35,430**

The Budget increases general revenues by \$35,430 to upgrade one part-time FTE position to a full-time FTE Deputy Director in the Film and Television Office. This increases the Council's FTE authorization from 9.6 to 10.0.

WaterFire Providence Adjustment**\$25,000**

The Budget increases general revenues by \$25,000 to increase support to the WaterFire Providence program. This brings total general revenue funding for WaterFire to \$400,000.

Percent for the Arts**Informational**

The Rhode Island State Council on the Arts administers the State's Percent for Public Art Program, which was established in 1987 to expand the public experience of art, foster the development of artists, and create a more humane environment. It also services to stimulate the state's economy.

In accordance with Rhode Island General Law, at least 1.0 percent of state government capital construction costs are allocated for the acquisition of works of art to be placed in public places. The 1.0 percent is generally spent on the project from which the funds were derived; any amounts not expended by RISCA are retained to provide for the maintenance and restoration of existing works.

The following table shows recently completed, current, and future projects of the program.

1% for Public Art Program - 2011 to Present	Location	Art Project Cost
<i>Completed Projects</i>		
URI - School of Pharmacy	Kingston	\$995,020
URI - College of Engineering	Kingston	\$714,356
URI - Chemistry	Kingston	\$501,000
Wickford Junction	Wickford	\$350,000
Garrahy Parking Garage	Providence	\$300,000
Intermodal Station	Warwick	\$300,000
Attorney General	Cranston	\$265,000
Barry and Simpson Buildings, Pastore Complex	Cranston	\$215,297
Veterans Home	Bristol	\$210,000
RIC - Art Center	Providence	\$170,000
Virks Building	Cranston	\$120,000
Division of Motor Vehicles	Cranston	\$110,000
Met School	Newport	\$78,000
Pawtucket-Central Falls Train Station	Pawtucket	\$59,000
Rhode Island State Police	Lincoln	\$45,000
Rhode Island School for the Deaf	Providence	\$43,000
URI - Harrington Hall	Kingston	\$35,000
National Guard Joint Force Headquarters	East Greenwich	\$35,000
Rhode Island Fire Academy	Exeter	\$30,000
<i>Current Projects (Budget)</i>		
URI- Fine Arts Center	Kingston	\$450,000
URI- Narragansett Bay Campus Phase 1	Narragansett	\$191,000
RIC Horace Mann School of Education	Providence	\$190,000
Rhode Island State Police Southern Barracks	West Greenwich	\$164,505
Office of the State Medical Examiner	Cumberland	\$45,000
RIC Fogerty School of Nursing	Providence	\$45,000
Shepard Building	Providence	\$24,000
<i>Future Projects (Budget)</i>		
RIC Clarke Science Building	Providence	\$465,000
RIC Gaige Lee Hall	Providence	\$360,000
Department of Labor and Training	Cranston	TBD
URI Narragansett Bay Campus Phase 2	Narragansett	TBD
Total		\$6,510,178

Cultural Arts and the Economy**Informational**

In March 2021, voters approved a \$6.0 million bond to continue the Cultural Arts and the Economy Grant program administered by the Rhode Island State Council on the Arts (RISCA) for capital improvements, preservation, and renovation of public and nonprofit performance centers, museums, and cultural art centers. Projects supported by the bond include:

- **Trinity Repertory Company - \$2.5 million:** For the Lederer Theater and the Pell Chafee Performance Centers in Providence.
- **Rhode Island Philharmonic - \$1.5 million:** For the Carter Center for Music Education and Performance in East Providence.
- **Other Nonprofit Cultural Organizations - \$2.0 million:** These funds will be allocated by RISCA for 1:1 matching grants to nonprofit cultural organizations that lease or own their performance space and for program administration costs at RISCA.

The 2014 referenda provided funding to begin the State Cultural Arts and the Economy Grants Program. The RI Commerce Corporation, in consultation with the Rhode Island Council on the Arts, administers this program, which offers matching grants to public and non-profit historic sites, museums, artistic organizations, performance centers, and cultural arts centers for capital preservation and renovation projects. The RI Commerce Corporation developed rules and regulations to administer the program. As of July 1, 2021, there was a \$500,773 carryforward from the 2014 bond comprised of open balances on grants awarded but still open as well as a small amount of ungranted funds. This carryover was bundled into the 2021 grant cycle, bringing the bond total for this program to \$6.5 million. In the period of July 1, 2021, through June 15, 2023, \$1.5 million in grant and administrative payments were made, with \$4.9 million remaining as an open balance.

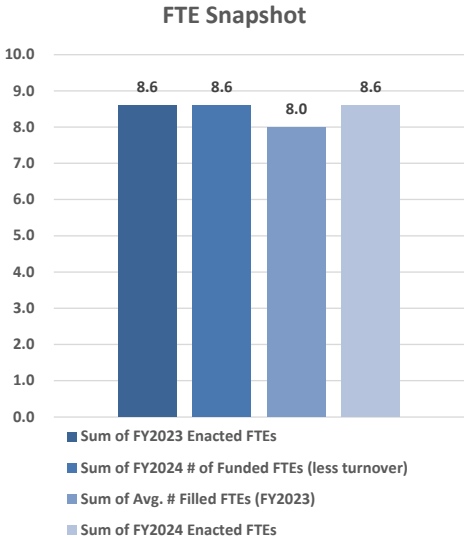
Rhode Island Atomic Energy Commission

Expenditures By Program	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Enacted	Final	Enacted	Enacted	Enacted	Enacted	Enacted
Atomic Energy Commission	\$1,565,278	\$1,536,396	\$1,697,964	\$161,568	10.5%	\$1,578,744	\$42,348	2.8%
Expenditures By Source								
General Revenue	\$1,055,146	\$1,146,763	\$1,101,589	(\$45,174)	-3.9%	\$1,158,737	\$11,974	1.0%
Federal Funds	206,885	-	206,742	206,742	-	-	-	-
Restricted Receipts	10,632	25,036	25,036	-	-	25,036	-	-
Other Funds	292,615	364,597	364,597	\$0	0.0%	394,971	\$30,374	8.3%
Total	\$1,565,278	\$1,536,396	\$1,697,964	\$161,568	10.5%	\$1,578,744	\$42,348	2.8%
Authorized FTE Levels	8.6	8.6	-	-	-	8.6	-	-

The Rhode Island Atomic Energy Commission (Commission) operates and maintains the Rhode Island Nuclear Science Center (RINSC), which is used for medical, biological, environmental, and materials research, education and commercial activities. The Commission also provides assistance to other state agencies in their radiation and emergency response programs.

RINSC operates a research reactor and provides laboratories and classrooms for research and education programs for the University of Rhode Island as well as for other colleges and universities in the State and throughout New England. In 2010, the University of Rhode Island (URI) began offering a nuclear engineering minor program of study. For students who perform well, a new nuclear engineer operating course was added in 2016 that prepares students for the operator license exam. URI is currently working to create a major in nuclear engineering. The Commission continues its collaboration with schools and universities in the State. Davies High School, Brown University physics classes, and URI mechanical design students are among those that have recently utilized the facility.

The Budget authorizes 8.6 FTE positions in FY2024 and FY2023 for the program, 1.8 of which are funded through URI for its radiation safety functions. URI funding also covers 40.0 percent of the Commission’s overhead costs, including its building maintenance and repair costs.



MAJOR ISSUES AND TRENDS

The general revenue increase in FY2023 Revised Budget and FY2024 is primarily due to the statewide adjustments. The reduction in federal funds is due to the expenditure of a federal instrumentation grant from the federal Department of Energy used to support upgrades to reactor control instrumentation. The project started in October 2020; however, project delays related to COVID-19 and design modifications have pushed the completion date into FY2023. The other funds increase in FY2024 and FY2023 is due to salaries and benefits decreases associated with the FTE positions funded through URI.

Article 2 of the FY2019 Budget as Enacted created a new restricted receipt account, the “Atomic Energy Enterprise fund”, for reactor usage fees collected by the Commission to support the technical operations and maintenance of equipment.

Rhode Island Atomic Energy Commission	General Revenue
FY2023 Enacted	\$1,146,763
<hr/>	
<i>Target and Other Adjustments</i>	<i>11,974</i>
FY2024 Enacted	\$1,158,737

CAPITAL PROJECTS

The Budget includes \$50,000 in Rhode Island Capital Plan (RICAP) funded asset protection projects for FY2024 and FY2023. In FY2024, projects will continue to focus on electrical upgrades. In FY2023, projects include merging the utilities and security system in the Sub-Chem Building with the rest of the facility, and refurbishing two more rooms in the office wing basement level for use as an electronic shop and for shop supply storage. Additional projects include resealing the parking lots and driveways.

Rhode Island Historic Preservation and Heritage Commission

Expenditures By Program	FY2022	FY2023	FY2023	Change from	FY2024	Change from		
	Actual	Enacted	Final	Enacted	Enacted	Enacted		
Central Management	\$2.0	\$3.5	\$2.9	(\$0.6) -17.4%	\$3.6	\$0.1	2.3%	
Expenditures By Source								
General Revenue	\$1.3	\$1.6	\$1.3	(\$0.3) -20.3%	\$1.9	\$0.3	21.3%	
Federal Funds	0.6	1.4	1.1	(0.2) -17.9%	1.1	(0.2)	-15.3%	
Restricted Receipts	-	0.4	0.4	- -	0.4	(0.0)	-0.5%	
Other Funds	0.1	0.2	0.1	(0.1) -32.1%	0.1	(0.0)	-29.5%	
Total	\$2.0	\$3.5	\$2.9	(\$0.6) -17.4%	\$3.6	\$0.1	2.3%	
Authorized FTE Levels	15.6	15.6	15.6	- -	15.6	-	-	

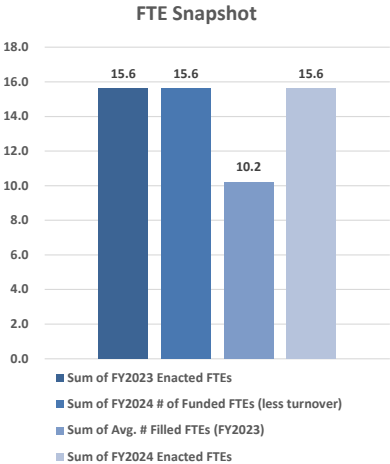
\$ in millions. Totals may vary due to rounding.

The Rhode Island Historical Preservation and Heritage Commission (Commission) operates a statewide historical preservation program that identifies and protects historic buildings, districts, structures, and archaeological sites. The Commission identifies and protects historic and prehistoric sites, buildings, and districts by nominating significant properties to the National Register of Historic Places and the State Register as well as administering grants, loans and tax credits for rehabilitation of historic buildings. The Commission also develops and carries out programs to document and celebrate the rich cultural heritage of Rhode Island’s people.

MAJOR ISSUES AND TRENDS

The FY2023 Final Budget includes \$2.9 million in all funds, of which \$1.3 million is general revenue, \$1.1 million is federal funds, \$424,100 is restricted receipts, and \$106,903 is other funds. This reflects a decrease of \$320,782 in general revenue, a decrease of \$250,246 in federal funds, and a decrease of \$49,998 in other funds from the enacted budget. General revenue decrease includes \$300,000 in turnover savings and the decrease of \$250,000 in federal funds reflects the removal of overstated funds for the Old State House renovations.

The FY2024 Budget as Enacted includes \$3.6 million in all funds, of which \$1.9 million is general revenue, \$1.1 million is federal funds, \$422,800 is restricted receipts, and \$110,327 is other funds. This reflects a general revenue increase of \$333,105, of which \$215,860 reflects increased personnel costs related to paygrade classification changes relative to the FY2023 Budget as Enacted. The decrease of \$250,000 in federal funds reflects the removal of overstated funds for the Old State House renovations.



The Budget includes funding for the Rhode Island Slave History Medallion project, a statewide project for historic sites connected to the history of slavery in the State and includes the continued funding of State Preservation Grant program that was recapitalized through the 2014 and 2021 general obligation bond authorizations.

The Budget authorizes 15.6 FTE positions for FY2023 and FY2024, consistent with the enacted budget.

Historic Preservation & Heritage Commission	General Revenue
FY2023 Enacted	\$1,572,452
<i>Target and Other Adjustments</i>	\$24,323
Personnel Adjustments	215,860
Centralized Services (statewide)	67,922
Rhode Island Slave History Medallions	25,000
FY2024 Enacted	\$1,905,557

Historic Preservation & Heritage Commission	Other Funds
Old State House Renovations (federal funds)	(\$250,000)
State Preservation Grant (G. O. bond Proceeds)	Informational

Personnel Adjustments **\$215,860**

The Budget adds \$215,860 in general revenue as a result of paygrade classification changes. The adjusted paygrades were approved at a Classified Service Classification and Pay Plan public hearing held on March 15, 2023, at the Department of Administration. At this hearing, approval was granted to consolidate and reclassify 6.0 FTE positions and to create 6.0 new FTE position classified titles. No additional FTE positions were added to the agency. The changes became effective on April 9, 2023.

The six positions consolidated or reclassified are:

- Senior Historic Preservation Specialist (Architectural Historian) and Senior Historic Preservation Specialist (Historian) were Pay Grade 25. They are now combined into Senior Historic Preservation Specialist Architectural Historian/Historian at Pay Grade 31.
- Senior Historic Preservation Specialist (Archeologist) was Pay Grade 25. It's now Senior Historic Preservation Specialist Archeologist at Pay Grade 31.
- Senior Historic Preservation Specialist (Grants Manager) was Pay Grade 25. It's now Senior Historic Grants Manager at Pay Grade 31.
- Principal Historic Preservation Specialist (Architectural Historian) and Principal Historic Preservation Specialist were Pay Grade 28. They are now combined into Principal Historic Preservation Specialist Architectural Historian/Historian at Pay Grade 35.
- Principal Historic Preservation Specialist (Archeologist) was Pay Grade 28. It's now Principal Historic Preservation Specialist Archeologist at pay Grade 35.
- Principal Historic Preservation Specialist (Grants Manager) was Pay Grade 28. It's now Principal Historic Grants Manager at Pay Grade 35.

The six newly created classified positions are:

- Senior Historic Preservation Specialist is now Project Review Coordinator at Pay Grade 31.
- Senior Historic Preservation Specialist is now Historian/Public Information Coordinator at Pay Grade 31.
- Principal Historic Preservation Specialist is now Project Review Coordinator at Pay Grade 35.
- Principal Historic Preservation Specialist is now Historian/Public Information Coordinator at Pay Grade 35.
- Office & Facility Manager at Pay Grade 25.
- Heritage Program Coordinator at Pay Grade 28.

Rhode Island Slave History Medallions **\$25,000**

The Budget includes \$25,000 in general revenue for the Rhode Island Slave History Medallion project, a statewide public awareness project for historic sites connected to the history of slavery in the State. The intent of the Rhode Island Slave History Medallions Project is to make the history of the Slave Trade in

Rhode Island more accessible to Rhode Islanders through the placement of these medallions at slave-related historical localities will serve as awareness educational symbols.

Eligible sites must have verifiable evidence of a connection to the slave trade history in Rhode Island. Sites selected can be public or private; homes, offices and work sites of those that were involved in the slave trade, sites where slaves lived and/or labored, as well as sites that were connected to government officials who shaped the policies of the slave trade in Rhode Island.

Old State House Renovations (federal funds) (\$250,000)

The Budget removes \$250,000 in federal funds to align with the allocated federal grant award. The grant award was overstated in the budget. There is a corresponding decrease as part of the FY2023 Final Budget.

State Preservation Grant (G.O. Bond Proceeds) Informational

In November of 2014, voters approved \$5.0 million in general obligation bonds to recapitalize the State Preservation Grant Program. The State Preservation Grants Program was established to improve and/or repair landmarks and historic facilities such as museums, cultural centers, theatres, and public historic sites. Through FY2022, the Commission supported 59 projects awarding \$4.8 million in funds.

In March of 2021, a statewide bond referendum passed that allocated an additional \$1.0 million to the State Preservation Grant program in general obligation bonds. The Commission is supporting 17 grants for new projects totaling \$995,019 through FY2024. The following table illustrates the State Preservation Grant awards:

State Preservation Grant Awards

Recipient	Town	Award Amount	Amount Disbursed	FY2024 to be Spent
Preservation Society of Newport County	Newport	\$224,250	\$150,000	\$74,250
La Farge Restoration Fund	Newport	450,000	450,000	-
Newport Restoration Foundation	Newport	46,596	16,596	30,000
The Providence Athenaeum	Providence	148,806	148,806	-
Providence Public Library	Providence	150,000	150,000	-
Trinity Restoration Inc	Providence	145,846	145,846	-
Trinity Episcopal Church	Newport	29,508	29,508	-
City of Central Falls	Central Falls	300,000	150,000	150,000
Town of Cumberland	Cumberland	149,041	149,041	-
Old Slater Mill Assoc.	Pawtucket	44,500	44,500	-
City of Woonsocket	Woonsocket	74,249	74,249	-
Herreshoff Marine Museum	Bristol	262,000	150,000	112,000
Friends of Pomham Rocks	East Providence	150,000	150,000	-
Portsmouth Historical Society	Portsmouth	30,000	30,000	-
Block Island SE Lighthouse Foundation	New Shoreham	150,000	150,000	-
Cocummussoc Association	North Kingstown	47,447	47,447	-
South County Art Association	South Kingstown	57,967	57,967	-
Orlando Smith Trust	Westerly	10,575	10,575	-
Westerly Armory Restoration, Inc	Westerly	24,750	24,750	-
Historic New England	Johnston	31,240	31,240	-
Town of Smithfield	Smithfield	31,950	31,950	-
Smithfield Preservation Society	Smithfield	27,476	27,476	-
RI Dept. of Environmental Mgmt.	Newport	150,000	150,000	-
PPAC	Providence	150,000	150,000	-
City of Providence	Providence	223,813	135,313	88,500
City of Pawtucket	Pawtucket	106,239	106,239	-
American French Genealogical Society	Woonsocket	150,000	150,000	-
City of East Providence	East Providence	69,652	69,652	-
Friends of Linden Place	Bristol	100,835	72,635	28,200
Coggeshall Farm Museum	Bristol	29,707	29,707	-
Memorial and Library Association of Westerly	Westerly	15,488	15,488	-
Beavertail Lighthouse Museum Association	Jamestown	67,250	67,250	-
Town of Coventry	Coventry	26,404	26,404	-
Town of East Greenwich	East Greenwich	150,000	150,000	-
Varnum Continentals, Inc.	East Greenwich	23,609	23,609	-
Foster Preservation Society	Foster	41,603	29,703	11,900
Newport Art Museum	Newport	150,000	150,000	-
City of Newport	Newport	150,000	150,000	-
Fort Adams Trust	Newport	272,500	150,000	122,500
International Tennis Hall of Fame	Newport	73,188	73,188	-
The Company of the Redwood Library and Athenaeum	Newport	39,783	39,783	-
Congdon Street Baptist Church	Providence	150,000	150,000	-
Preserve Rhode Island	Providence	150,000	150,000	-
Friends of the Music Mansion, Inc.	Providence	150,000	150,000	-
Historic New England	Jamestown	108,160	39,160	69,000
Bristol Historical and Preservation Society	Bristol	75,888	75,888	-
Town of Bristol	Bristol	150,000	150,000	-
North Smithfield Heritage Association	North Smithfield	88,220	88,220	-
Borders Farm Preservation, Inc.	Foster	30,000	30,000	-
Historic Metcalf-Franklin Farm Preservation Association	Cumberland	75,000	-	75,000
East Providence Historical Society	East Providence	26,800	-	26,800
Pawtucket Public Library	Pawtucket	58,044	-	58,044
Rhode Island Historical Society	Providence	48,000	21,333	26,667
The Steel Yard	Providence	40,850	-	40,850
Scituate Preservation Society	Scituate	9,900	4,000	5,900
South County History Center	South Kingstown	42,075	-	42,075
Clouds Hill Victorian House Museum	Warwick	50,000	16,667	33,333
Total		\$5,829,208	\$4,834,189	\$995,019

Office of the Attorney General

Expenditures By Program	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Enacted	Final	Enacted		Enacted	Enacted	
General Division	\$4.4	\$6.5	\$6.6	\$0.1	1.9%	\$4.8	(\$1.6)	-25.4%
Criminal Division	21.5	23.6	23.7	0.1	0.3%	25.2	1.6	6.9%
Civil Division	6.6	8.2	8.3	0.1	1.3%	9.7	1.5	18.5%
Bureau of Criminal Identification	3.3	3.2	3.6	0.3	10.8%	3.4	0.2	6.6%
Total	\$35.8	\$41.5	\$42.1	\$0.6	1.6%	\$43.2	\$1.7	4.2%

Expenditures By Source								
General Revenue	\$30.8	\$33.5	\$33.7	\$0.2	0.7%	\$34.9	\$1.4	4.0%
Federal Funds	2.8	2.9	3.1	0.2	7.0%	2.9	0.0	0.9%
Restricted Receipts	2.2	3.2	3.3	0.1	2.0%	5.3	2.1	64.6%
Other Funds	0.0	1.9	2.0	0.2	8.1%	0.2	(1.7)	-92.1%
Total	\$35.8	\$41.5	\$42.1	\$0.6	1.6%	\$43.2	\$1.7	4.2%

Authorized FTE Levels	247.1	249.1	249.1	-	-	264.1	15.0	6.0%
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\$ in millions. Totals may vary due to rounding

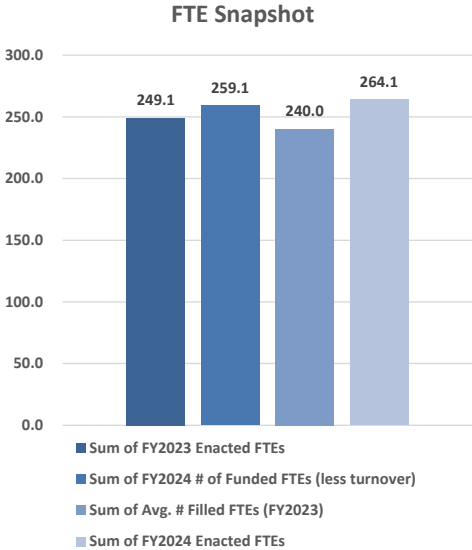
The Office of the Attorney General is the central legal agency of the State. The Office is responsible for the prosecution of all felony criminal cases and misdemeanor, appeals as well as prosecution of misdemeanor cases brought by state law enforcement in the various district courts. Additionally, as chief legal officer of the State, the Attorney General acts to protect consumers against fraudulent business practices; investigates Opens Meetings Act and Access to Public Records compliance; and, acts as the central repository for criminal history and information in the State. The Office is divided into four budget programs: General, Criminal, Civil, and Bureau of Criminal Identification.

MAJOR ISSUES AND TRENDS

The FY2023 Final Budget includes \$42.1 million in total funding for the Office of the Attorney General, reflecting a \$646,872 increase from the FY2023 Budget as Enacted. General revenue is increased by \$224,520 or 0.7 percent from the FY2023 Budget as Enacted, to \$33.7 million.

The FY2024 Budget as Enacted includes \$43.2 million in total funding for the Office of the Attorney General, an increase of \$1.7 million from the FY2023 enacted level. General revenue is increased by \$1.4 million or 4.0 percent from the FY2023 Budget as Enacted to \$34.9 million. The increase in general revenue is primarily related to additional \$1.9 million for statewide adjustments including a statutorily mandated CPI-U increase to the Attorney General’s salary and benefits.

Article 2 of the Budget establishes a restricted receipt account titled “Attorney General Non-Multi-State Initiative Restricted-Receipt Account.” The account will be funded with attorney fees recovered from opioid related claims and non-multistate initiatives within the Office of the Attorney General. The account will be used to finance the Office’s staff as well as other operational expenses.



The FY2023 Final Budget authorizes 249.1 FTE positions, consistent with the FY2023 Enacted level. The FY2024 Budget as Enacted authorizes 264.1 FTE positions, reflecting an increase of 15.0 positions. The salary and benefits of the 15.0 new FTE positions will be supported with restricted receipts provided by the newly established Attorney General restricted receipt account.

GENERAL DIVISION

The General Division is responsible for the overall operations of the Office. It consists of the following units: Executive, Fiscal, Personnel, Operations, Management Information Systems, and Public Information/Legislation. The Division oversees the finances of the Office, prepares and submits the Office's annual budget, and lobbies for the resources necessary for the efficient operation of the Office.

General Division	General Revenue
FY2023 Enacted	\$4,570,478
<i>Targets and Other Adjustments</i>	
General Officer Salary Increase	75,437
FY2024 Enacted	\$4,668,933

General Officer Salary Increase **\$23,018**

The Budget adds \$23,018 to pay for an increase in the Attorney General's compensation, including \$15,694 for salary and \$7,324 for benefits. General Officer compensation is governed by RIGL 36-6-1 and 36-6-2 which requires that their salaries be adjusted at the beginning of each succeeding term by the total percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U) published by the United States Department of Labor Bureau of Labor Statistics for the Northeast Region for the four (4) previous fiscal years, but in any event not to exceed twelve percent (12%).” The Budget Office used an assumed increase of 11.9 percent, to calculate the salary of the Attorney General in the succeeding term.

CRIMINAL DIVISION

The Criminal Division is charged with the prosecution of felony cases and misdemeanor appeals. The Division assists the Attorney General in carrying out the constitutional responsibility to prosecute all felony criminal offenses occurring in the State, as well as all misdemeanor criminal cases brought by State law enforcement agencies or appealed to the Superior Court. Specialized units focus on white-collar crime, narcotics and organized crime, firearms offenses, juvenile offenders, domestic violence and sexual assault, Medicaid fraud, and District Court offenses.

Criminal Division	General Revenue
FY2023 Enacted	\$20,115,052
<i>Targets and Other Adjustments</i>	
Personnel Salary and Benefit Adjustment	52,411
FY2024 Enacted	\$21,038,345

Criminal Division	Other Fund Changes
Narcotics and Organized Crime Unit, 2.5 New FTE Positions (restricted receipts)	\$321,310
Cold Case Unit, 2.5 New FTE Positions (restricted receipts)	301,324
Body-Worn Camera Staff, 1.0 New FTE Position (restricted receipts)	89,841

Personnel Salary and Benefit Adjustment **\$870,882**

The Budget includes \$19.0 million in general revenue to support the salary and benefits of personnel within the Criminal Division, reflecting an increase of \$870,882 from the FY2023 Budget as Enacted. The increase includes \$420,481 for salaries, \$432,883 for benefits, and \$17,518 for the statewide benefit assessment.

The increases are primarily associated with the statewide cost-of-living adjustments that take effect at the beginning of FY2024.

Narcotics and Organized Crime Unit, 2.5 New FTE Positions (restricted receipts) \$321,310

The Budget includes \$321,310 in restricted receipts to support the salary and benefits of 2.5 new FTE positions, assigned to the Criminal Division’s Narcotics and Organized Crime Unit. The new positions will reduce the prosecutor caseload and specifically work on Urban Violent Crime Initiative. In 2021, the Attorney General launched the Urban Violent Crime Initiative, which is a state-level and prosecutor-led approach to reducing violent crime within the State’s urban communities. The initiative is a partnership between the Attorney General’s Office, the Providence Police Department, the Pawtucket Police Department, the Central Falls Police Department, the Department of Corrections, and The U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives. Working together, these law enforcement agencies gather intelligence, analyze information and set violent crime enforcement priorities. The following table illustrates the new positions, as well as their total costs.

Narcotics and Organized Crime Unit	Restricted Receipts
1.0 Attorney	\$138,195
1.0 Attorney	138,195
0.5 Paralegal	44,920
Total	\$321,310

Cold Case Unit, 2.5 New FTE Positions (restricted receipts) \$301,324

The Budget includes \$301,324 in restricted receipts to create and staff a new Cold Case Unit and support the salary and benefits of 2.5 new FTE positions. The primary function of the new unit will be to proactively investigate and potentially solve cold cases, which are older criminal investigations that remain unsolved and open pending the discovery of new evidence. The following table illustrates the new positions, as well as their total costs.

Cold Case Unit	Restricted Receipts
1.0 Attorney	\$138,195
1.0 Investigator	118,209
0.5 Paralegal	44,920
Total	\$301,324

Body-Worn Camera Staff, 1.0 New FTE Position (restricted receipts) \$89,841

The Budget includes \$89,841 in restricted receipts to support the salary and benefits of 1.0 new FTE paralegal position within the Criminal Division. The position will be responsible for managing and handling the intake and use of police body-worn camera videos. The paralegal will create copies of recordings that may require redactions and provide them to defendants through the criminal discovery process or to members of the public through the State’s public records laws.

CIVIL DIVISION

The Civil Division is charged with conducting the State’s legal affairs and representing the State in legal proceedings. By law, the Attorney General initiates and defends actions in state and federal courts whenever warranted; ensures that representation is provided to state officers, employees, and agencies in all courts; advises state officers and agencies on legal issues; and, issues written opinions on legal issues when requested by governmental officers.

Civil Division	General Revenue
FY2023 Enacted	\$6,778,199
<i>Targets and Other Adjustments</i>	(47,406)
Personnel Salary and Benefit Adjustment	279,636
FY2024 Enacted	\$7,010,429

Civil Division	Other Fund Changes
Government Litigation Unit, 5.0 New FTE Positions (restricted receipts)	\$690,975
Office of the Healthcare Advocate, 2.0 New FTE Positions (restricted receipts)	228,036
Office of the Energy Advocate, 1.0 New FTE Position (restricted receipts)	138,195
Public Protection Bureau, 1.0 New FTE Position (restricted receipts)	138,195
Multi-State Initiative (restricted receipts)	120,518

Personnel Salary and Benefit Adjustment **\$279,636**

The Budget includes \$6.2 million in general revenue to support the salary and benefits of personnel within the Civil Division, reflecting an increase of \$279,636 from the FY2024 Budget as Enacted. The increase includes \$198,328 for salaries, \$73,390 for benefits, and \$7,918 for the statewide benefit assessment. The increases are primarily associated with the statewide cost-of-living adjustments that take effect at the beginning of FY2024.

Government Litigation Unit, 5.0 New FTE Positions (restricted receipts) **\$690,975**

The Budget includes \$690,975 in restricted receipts to support the salary and benefits of 5.0 new FTE attorney positions for the Government Litigation Unit. Each additional attorney will receive \$138,195 in restricted receipts for salary and benefits. The Government Litigation Unit works on behalf of agencies throughout the State, litigating key matters involving the exercise of power by the Governor and Legislature, and defending the State in lawsuits seeking to recover significant damages. The State is subject to a 12.0 percent annual pre-judgment interest rate on verdicts that are ruled against it. This potentially significant liability incentivizes the State to avoid delays and to prepare better for cases. The additional attorneys are intended to mitigate this risk.

Office of the Healthcare Advocate, 2.0 New FTE Positions (restricted receipts) **\$228,036**

The Budget includes \$228,036 in restricted receipts to support the salary and benefits of 2.0 new FTE positions in the Office of the Healthcare Advocate. The increase includes \$138,195 for an additional attorney and \$89,841 for a paralegal. The Office of the Healthcare Advocate leads healthcare legal and policy work for the Attorney General. The Office is responsible for the management of several complex opioid litigation settlement agreements with opioid manufacturers like Purdue, Johnson & Johnson, Teva, Allergan and Endo, as well as distributors such as Cardinal, McKesson, and AmerisourceBergen. Many of these settlements contain phased annual payments and complex compliance provisions that necessitate attention and significant oversight. The 2.0 new FTE positions will oversee the settlements and ensure that Rhode Island continues to receive the maximum value that it is legally entitled to.

Office of the Energy Advocate, 1.0 New FTE Position (restricted receipts) **\$138,195**

The Budget includes \$138,195 in restricted receipts to create the Office of the Energy Advocate and support the salary and benefits of 1.0 new FTE attorney position. The Office of the Energy Advocate will serve as an independent advocate on behalf of Rhode Island residents on a wide array of energy concerns. According to the Department, as our energy economy fluctuates, informed and independent advocacy is necessary to protect rate payers and ensure that the market system works equitably for the people of Rhode Island.

Public Protection Bureau, 1.0 New FTE Position (restricted receipts) \$138,195

The Budget includes \$138,195 in restricted receipts to support the salary and benefits of 1.0 new FTE attorney position in the Public Protection Bureau. The Public Protection Bureau leads affirmative litigation on behalf of Rhode Island by bringing lawsuits against individuals and companies that transgress laws in ways that endanger citizens and their communities. The position will assist on matters being handled by each of the Bureau’s four units— Healthcare, Consumer and Economic Justice, Environmental and Energy, and Civil & Community Rights. These units use the authority of the Attorney General to advance and protect economic security, dignity, quality of life and equity for residents of Rhode Island.

Multi-State Initiative (restricted receipts) \$120,518

The Budget provides \$810,372 in restricted receipts, reflecting an increase of \$120,518 from the FY2023 Enacted Budget, for dues and fees related to multi-state litigation. Currently, the Attorney General decides if the State will participate in a multi-state initiative and how large of a role the State will play. If the Office is able to pursue additional multi-state initiatives and take on more responsibilities, such as working on the executive committee, the State would be able to have an expanded role in deciding how settlement funds are distributed. This could lead to the State recouping additional settlement funds.

BUREAU OF CRIMINAL IDENTIFICATION

The Bureau of Criminal Identification (BCI) is the state entity charged with maintaining criminal history information for crimes committed in Rhode Island. The BCI responds to criminal history records requests, analyzes and records fingerprint information, maintains pistol permits, issues security guard licenses, and conducts employee background checks. The BCI is open 24-hours per day, 7-days per week to respond to requests from law enforcement agencies throughout the country. In FY2019, the BCI moved to the Office’s new facility located at the Pastore complex. The new facility was completed in 2018 using Google forfeiture federal funds.

Bureau of Criminal Identification	General Revenue
FY2023 Enacted	\$2,042,239
<i>Targets and Other Adjustments</i>	20,024
Turnover	56,433
Computer Supplies and Equipment	26,488
FY2024 Enacted	\$2,145,184

Turnover \$56,433

The Budget increases general revenue by \$56,433 in FY2024 to account for a reduction in turnover within the Bureau of Criminal Identification Program. The FY2023 Enacted Budget included turnover savings of \$75,729, which has decreased to \$19,296 in the FY2024 Budget, resulting in the \$56,433 increase for personnel costs.

Computer Supplies and Equipment \$26,488

The Budget includes \$51,322 in general revenue for computer supplies, software, and equipment within the Bureau of Criminal Identification, reflecting an increase of \$26,488 from the FY2023 Budget as Enacted.

CAPITAL PROJECTS

Civil Division Roof Repair (other funds) (\$1.7 million)

The Budget includes \$150,000 in Rhode Island Capital Plan funding, reflecting a \$1.7 million decrease from the FY2023 enacted level. The decrease reflects funds appropriated to replace the roof of the Civil Division’s office, located at 150 South Main Street in Providence. The replacement was necessary as the building had allowed water to infiltrate the office from the roof.

Department of Corrections

Expenditures By Program	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Enacted	Final	Enacted		Enacted	Enacted	
Central Management	\$24.1	\$20.1	\$22.4	\$2.4	11.9%	\$23.4	\$3.3	16.6%
Parole Board	1.4	1.4	1.4	(0.1)	-5.4%	1.4	(0.1)	-3.8%
Custody and Security	142.2	142.6	166.6	24.0	16.9%	161.6	19.0	13.3%
Institutional Support	29.8	28.5	40.7	12.2	42.9%	33.9	5.4	18.8%
Institutional Based Rehab/Population Management	10.6	12.5	13.3	0.9	7.0%	15.0	2.6	20.7%
Healthcare Services	28.8	31.0	34.6	3.6	11.5%	32.1	1.0	3.4%
Community Corrections	18.9	20.3	21.1	0.9	4.4%	21.4	1.2	5.7%
Total	\$255.8	\$256.3	\$300.2	\$43.9	17.1%	\$288.8	\$32.4	12.7%

Expenditures by Source								
General Revenue	\$242.3	\$245.9	\$285.2	\$39.4	16.0%	\$281.0	\$35.2	14.3%
Federal Funds	7.3	2.1	2.7	0.5	24.7%	2.2	0.1	3.5%
Other Funds	4.2	5.4	9.3	4.0	73.6%	4.1	(1.3)	-23.7%
Restricted Receipts	2.1	2.9	3.0	0.0	0.3%	1.4	(1.5)	-51.3%
Total	\$255.8	\$256.3	\$300.2	\$43.9	17.1%	\$288.8	\$32.4	12.7%

Authorized FTE Levels	1,424.0	1,427.0	1,427.0	-	-	1,460.0	33.0	2.3%
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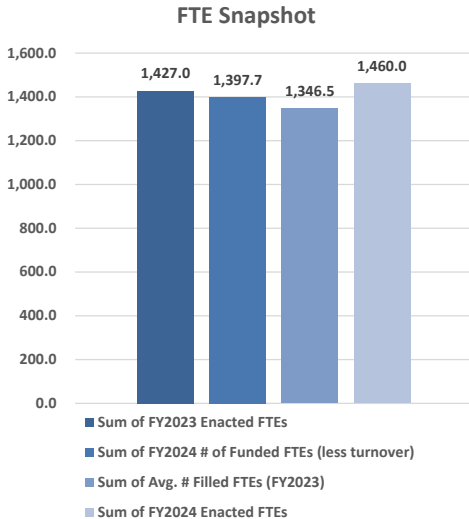
\$ in millions. Totals may vary due to rounding

The Rhode Island Department of Corrections (DOC) provides appropriate, safe, secure, and humane control of offenders, while actively assisting and encouraging offenders to become productive and law-abiding members of the community. Additionally, the Rhode Island State Parole Board is budgeted as a unit of the Department but has independent programmatic decision-making authority. Collectively known as the Adult Correctional Institutions (ACI), there are seven separate occupied facilities, which have a total current capacity of 3,989 beds. In FY2023, the Department averaged 2,298 inmates (57.6 percent of capacity) housed at the ACI for the fiscal year, including 2,176 men and 122 women. The Department also provides supervision of offenders in the community (home confinement, probation, and parole).

MAJOR ISSUES AND TRENDS

The FY2023 Final Budget includes \$300.2 million in total expenditures, reflecting a \$43.9 million or 17.1 percent increase from the FY2023 Budget as Enacted. The Budget includes \$285.2 million in general revenue, an increase of \$39.4 million or 16.0 percent from the FY2023 enacted level. The majority of the general revenue increase is related to the Rhode Island Brotherhood of Correctional Officers (RIBCO) contract renewal and the rising costs of goods and services.

The FY2024 Budget as Enacted includes \$288.8 million in total expenditures, reflecting a \$22.5 million or 12.7 percent increase from the FY2023 Budget as Enacted. The Budget includes \$281.0 million in general revenue, reflecting an increase of \$35.2 million or 14.3 percent from the FY2023 enacted level. The majority of the general revenue increase is related to the RIBCO contract renewal as well as the rising costs of goods and services.



RIBCO and the State of Rhode Island reached an agreement for a contract renewal in February of 2023, effective from FY2021 through FY2024. The Budget provides \$27.5 million in FY2023 and \$24.6 million in FY2024, reflecting a \$52.0 million general revenue total. The contract's terms include \$3,000 bonuses for any union member employed between July 1, 2020, and the date of the contract's ratification, retroactive pay increases of 2.5 percent for FY2021, FY2022, and FY2023, as well as a scheduled pay increase of 2.5 percent at the start of FY2024. The following table illustrates the contract's terms and the associated costs.

FY2023 Final	Correctional		Total
	Civilians	Officers	
\$3,000 Extra Payment	\$271,278	\$3,639,647	\$3,910,925
FY2021 Retro	157,764	3,433,364	3,591,128
FY2022 Retro	310,852	6,923,476	7,234,328
FY2023 (as of pay period 16)	471,613	-	471,613
FY2023 COLA	-	10,337,424	10,337,424
FY2023 Senior CO and CO First Class	-	1,838,989	1,838,989
FY2023 CO Candidates Increase	-	72,900	72,900
Subtotal	\$1,211,507	\$26,245,800	\$27,457,307
FY2024 Enacted			
FY2024	\$613,623	-	\$613,623
FY2024 COLA	-	14,986,882	14,986,882
FY2024 Senior CO and CO First Class	-	8,281,737	8,281,737
FY2024 CO Candidates Increase	-	699,510	699,510
Subtotal	\$613,623	\$23,968,129	\$24,581,752
Grand Total	\$1,825,130	\$50,213,929	\$52,039,059

Due to inflation, supply chain issues, and other outside factors, the Department experienced exorbitant rising costs in FY2022, and the FY2024 Budget as Enacted assumes expenditures will be consistent with FY2022 levels. The FY2024 Budget, therefore, includes a general revenue increase of \$3.7 million to support rising operating costs and \$3.4 million to support contract services. The increase in operating costs includes \$1.6 million for pharmacy services, \$1.2 million for the Facility Maintenance Unit, and \$829,437 for the Food Services Unit. The increase in contract services includes \$1.7 million for contracted health services and \$1.2 million for contracted substance abuse programming. These increases are distributed throughout the Department's programs.

The Department indicates that the FY2023 Budget as Enacted did not properly account for FICA while calculating employee overtime, which is addressed in the FY2024 Budget by including an additional \$1.3 million in general revenue. The Department met with the Office of Management and Budget (OMB) and was told that FICA is not computed on overtime expenses unless the overtime is specific to an individual employee. Due to the departmental policy of seniority-based overtime requests, the Department was unable to generate an overtime code specific to an individual.

The FY2024 Budget is based on an estimated average daily population of 2,278 inmates, a decrease of 79 from the FY2023 Budget as Enacted. In FY2022, the Department's annual average cost per offender was \$109,693, which includes central administrative and capital costs. For institution-based offenders, the High Security Center had the largest average cost, and the Intake Service Center created the lowest average cost. The following table illustrates the Department's FY2022 annual average cost per offender, within each facility. FY2023 concludes on June 30, 2023, and final data is not yet available.

Institution Based Offenders	Average Population	Annual Average Cost per Offender
Minimum	123	\$175,090
Medium/Moran	753	90,749
Intake Service Center	763	90,309
Maximum	312	113,204
High Security Center	80	253,860
Women's Facilities	101	192,690
Community Based Offenders		
Probation and Parole	6,568	2,858
Home Confinement	161	19,946

The Budget includes a net increase of \$1.4 million in general revenue to support the training, salary, and benefits of two additional classes of correctional officers. Class 87A and 87B are both expected to graduate 50.0 new correctional officers from the Training Academy and address the Department's current staffing shortage. The Budget includes \$1.8 million for their training expenditures offset by \$423,986 in savings related to a reduction in overtime. The FY2023 Final Budget includes a net general revenue increase of \$669,833, comprising \$908,160 to fund the training of one additional, 40 cadet class of correctional officers, offset by \$238,327 in savings related to a reduction in overtime.

The Budget authorizes 1,460.0 FTE positions for FY2024, reflecting an increase of 33.0 FTE positions from the FY2023 Budget as Enacted, of which, 32.0 will form the Department's new Behavioral Management Unit (BMU). The BMU includes 28.0 Correctional Officers, 1.0 Administrative Officer and 1.0 Programming Services Officer in the Custody and Security program, as well as 1.0 Clinical Social Worker in the Healthcare Services program and 1.0 Adult Counselor in the Institutional Based Rehabilitation/Population Management program. The remaining FTE will work in the Department's Special Services Unit and monitor inmate behavioral time awards

CENTRAL MANAGEMENT

The Central Management program houses two sub-programs, the Executive program which consists of the Office of the Director, Legal Services, and Internal Affairs, as well as the Administration Program which includes Human Resources, Management Information, Planning and Research, Policy Development and Auditing, the Training Academy and Staff Development, and Financial Resources.

Central Management	General Revenue
FY2023 Enacted	\$20,060,213
<i>Target and Other Adjustments</i>	524,767
Radio System Replacement	(2,700,000)
Training Unit for Classes 87A and 87B	1,958,159
Centralized Services (statewide adjustments)	1,781,079
RIBCO Contract Adjustment	1,452,205
Turnover	209,330
Attorney General Office Space	90,360
Copiers	6,606
FY2024 Enacted	\$23,382,719

Radio System Replacement**(\$2.7 million)**

The Budget includes a \$2.7 million reduction in general revenue for the installation of the new radio/communication system throughout the ACI. The \$2.7 million was issued as a one-time payment and it is not included in the FY2024 Budget as Enacted.

The initiative was originally proposed in the Governor's FY2023 Budget with federal funding provided by American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF); however, the Budget shifted the funding to general revenue. The Rhode Island Department of Corrections had operated an obsolete communication/radio system, the radios the Department often lost signal and were no longer in production.

Training Unit for Classes 87A and 87B**\$2.0 million**

The Budget includes \$4.8 million in general revenue for the Central Management's Training Unit, reflecting an increase of \$2.0 million from the FY2023 Budget as Enacted. The \$2.0 million increase does not include the additional \$1.3 million appropriated to the Training Unit as a result of the RIBCO contract (see below).

The increase is largely related to the inclusion of two additional training classes of Correctional Officers in FY2024, Class 87A and Class 87B. Each class is expected to contain 50.0 recruits and their addition will address the Department's well-documented staffing challenges and offset overtime costs within the Custody and Security Program. The Department expects to graduate a total of three Correctional Officer classes through FY2024. The following table displays the anticipated start and graduation dates for all three classes.

Timeline for Correctional Officer Classes		
Class	Start Date	Graduation Date
Class 86A	March 2023	May 2023
Class 87A	October 2023	December 2023
Class 87B	January 2024	March 2024

Analyst Note: The Department indicated that a class of 20 candidates graduated on May 12, 2023.

RIBCO Contract Adjustment (GBA)**\$1.5 million**

The Budget includes an increase of \$1.5 million in general revenue within the Central Management program. The increase is related to the ratification of the Rhode Island Brotherhood of Correctional Officers (RIBCO) contract and the adjustment reflects the Department's most recent cost projections. The table below illustrates the adjustment by unit.

RIBCO Contract Adjustment	Central Management
Training Unit	\$1,339,879
Business Management Unit	61,141
Inmate Accounts Unit	35,870
Office of Planning and Research	7,939
Office of Management Information	7,376
Total	\$1,452,205

Turnover**\$209,330**

The Budget increases general revenue by \$209,330 in FY2024 to reduce turnover within the Central Management Program. The FY2023 Enacted Budget included \$357,122 in turnover savings, which is reduced to \$147,792 in the FY2024 Budget as Enacted.

Attorney General Office Space**\$90,360**

The Budget includes \$90,360 of general revenue to support the Department's rented office space within the Attorney General's Office at 4 Howard Avenue in Cranston. The Department recently began renting and outfitting the lower level of the Attorney General's Office, which will be occupied by the Office of Internal

Affairs. Staff will include DOC investigators, inspectors, and a State Police liaison. The Department indicates that shared space alongside the Attorney General will align resources while investigations of incarcerated individuals or staff are taking place. Additionally, the office serves as a space outside of the DOC, where incarcerated informants can meet with investigators and feel comfortable that their identity is being protected.

Copiers \$6,606

The Budget includes \$6,606 of general revenue to support the Department’s new lease agreement for copy machines. The Department indicates that 35 of their copiers have outdated software that does not support necessary firmware updates. The Budget provides funding to lease copiers throughout the Department’s programs and includes \$6,606 for the Central Management Program.

PAROLE BOARD

The Parole Board is a six-member commission, appointed by the Governor that is charged with evaluating and authorizing the early release of inmates who meet certain conditions. The Department determines eligibility criteria, including that inmates must serve at least one-third of their sentence before being eligible for parole and must meet defined criteria post-parole and for the duration of their sentence. The Parole Board has one sub-program, the Sex Offender Community Notification (SOCN) Unit. The SOCN Unit is intended to support the sex offender leveling process, notify the community, and provide support to the Rhode Island Sex Offender Board of Review, the RI Sex Offender Registry, state and local police, as well as the public.

Parole Board	General Revenue
FY2023 Enacted	\$1,438,337
<i>Target and Other Adjustments</i>	<i>(3,448)</i>
Personnel Salary/Benefit Adjustment	(51,924)
FY2024 Enacted	\$1,382,965

Personnel Salary/Benefit Adjustment (\$51,924)

The Budget includes \$1.3 million in general revenue to support the salary and benefits of positions within the Parole Board, reflecting a savings of \$51,924 from the FY2023 Budget as Enacted. \$35,108 of the savings is related to turnover from vacancies within the Department.

Personnel Expenditures	FY2023 Enacted	FY2024 Enacted	Change
Salaries	\$887,229	\$833,378	(\$53,851)
Benefits	461,253	445,396	(15,857)
Purchased Services	33,603	51,387	17,784
Total	\$1,382,085	\$1,330,161	(\$51,924)

CUSTODY AND SECURITY

The Custody and Security program is responsible for the secure custody and control of the State’s inmate population to ensure the safety of staff, inmates, and the general public. The program manages six correctional institutions and one jail complex, all located in Cranston at the Pastore Center. Men’s facilities include High Security, Maximum Security, the John J. Moran Medium Security Prison, the currently closed Donald Price Medium Security facility, Minimum Security, and the Intake Center. Women are housed in the Gloria McDonald. Some female inmates were previously housed in the Bernadette Guay facility; however, this facility was closed in FY2017. The program is the largest within the Department and is divided into two sub-programs: Custody, which includes all staff, activities, and food service within the facilities under the care of their respective Wardens, and the Security sub-program which includes the

Central Office Warden, the Correctional Emergency Response Team, Facility Security Audit Teams, Crisis Intervention Teams, Special Investigations Unit, the Canine Unit, and a Department Armorer.

Custody and Security	General Revenue
FY2023 Enacted	\$141,448,395
<i>Targets and Other Adjustments</i>	<i>(1,314,026)</i>
RIBCO Contract Adjustment	21,206,788
Behavioral Management Unit, 30.0 New FTE Positions	3,233,991
Medium Facility, Personnel Salary/Benefit Adjustment	(2,764,619)
Intake Service Center, Personnel Salary/Benefit Adjustment	(1,901,576)
FICA Adjustment	1,017,142
Vehicles	645,000
Turnover	(492,623)
Community Confinement Savings	(488,545)
Correctional Officer Classes 87A and 87B	(423,986)
Copiers	49,259
FY2024 Enacted	\$160,215,200

Custody and Security	Other Fund Changes
State Criminal Alien Assistance Program (federal funds)	\$264,286
Inmate Population	Informational

RIBCO Contract Adjustment ***\$21.2 million***

The Budget provides \$21.2 million in general revenue funding for the Rhode Island Brotherhood of Correctional Officers (RIBCO) employee contract within the Custody and Security program. The funding includes an additional \$6.2 million in FY2024, pursuant to Governor's Budget Amendment dated April 17, 2023, to the \$15.0 million in reserve funds appropriated in the FY2024 Governor's Recommended Budget. The following table illustrates the \$21.2 million increase, by unit, within the Custody and Security program.

RIBCO Contract Adjustment	Custody and Security
Medium Security - Moran	\$5,643,366
Intake Services Center	5,218,491
Maximum Security	3,396,725
Minimum Security	2,163,668
High Security	2,133,371
Women's Facilities	1,996,451
Records and ID Unit	306,125
Special Investigations Unit	184,997
K-9 Unit	82,409
Tactical Team	60,730
Institutions/Operations - General	20,455
Total	\$21,206,788

Behavioral Management Unit, 30.0 New FTE Positions ***\$3.2 million***

The Budget includes a general revenue appropriation of \$3.2 million in FY2024 and a recommended authorization of 30.0 new FTE positions within the Custody and Security Program, for the creation of the Behavioral Management Unit (BMU). The State, as well as the Department, are currently named defendants in seven pending federal lawsuits that challenge the treatment and living conditions provided to individuals with serious and persistent mental illness (SPMI) within a restrictive housing setting. The Department indicates that the creation of the BMU will allow the State to avoid litigation and its associated costs, which

could include paying for plaintiff attorney fees, expert witness costs, deposition costs, and others. Restrictive housing refers to the confinement of an inmate to a cell for a minimum of 22 hours per day.

The BMU requires 32.0 FTEs to operate and will provide housing as well as 10.0 hours per week of unstructured out-of-cell time for 75-100 inmates. The 30.0 new FTE positions authorized within the Custody and Security Program include 28.0 Correctional Officers, 1.0 Administrative Officer, and 1.0 Programming Services Officer. Of the remaining 2.0 FTE positions, 1.0 Clinical Social Worker will be assigned to the Healthcare Services program and 1.0 Adult Counselor will be working in the Institutional Based Rehabilitation/Population Management program.

Medium Facility, Personnel Salary/Benefit Adjustment (\$2.8 million)

The Budget includes \$33.0 million in general revenue to support the salary and benefits of staff working within the Medium/Moran Facility, reflecting a savings of \$2.8 million from the FY2023 Budget as Enacted. The \$2.8 million savings does not reflect the additional \$5.6 million appropriated to the Medium Facility as a result of the RIBCO contract. The savings include \$2.2 million in salaries and \$510,920 in benefit expenditures. The following table illustrates the adjustment.

Personnel Expenditures	FY2023 Enacted	FY2024 Enacted	Change
Salaries	\$22,159,333	\$19,923,214	(\$2,236,119)
Benefits	13,220,186	12,709,266	(510,920)
Correctional Officers' Briefing	390,316	372,736	(17,580)
Total	\$35,769,835	\$33,005,216	(\$2,764,619)

Intake Service Center, Personnel Salary/Benefit Adjustment (\$1.9 million)

The Budget includes \$31.1 million in general revenue to support the salary and benefits of personnel working within the Intake Service Center, reflecting a net savings of \$1.9 million from the FY2023 Budget as Enacted. The \$1.9 million savings does not reflect the additional \$5.2 million appropriated to the Intake Service Center as a result of the RIBCO contract. The adjustment includes a \$2.0 million savings for salaries, offset by increases of \$52,028 for benefits and \$15,097 for correctional officer’s briefing. The following table illustrates the adjustment.

Personnel Expenditures	FY2023 Enacted	FY2024 Enacted	Change
Salaries	\$20,073,578	\$18,104,877	(\$1,968,701)
Benefits	12,656,995	12,709,023	52,028
Correctional Officers' Briefing	314,779	329,876	15,097
Total	\$33,045,352	\$31,143,776	(\$1,901,576)

FICA Adjustment \$1.0 million

The Budget includes \$1.0 million in general revenue to supplement Federal Insurance Contributions Act (FICA) payments for employees working in the Custody and Security Program. The Department indicates that the FY2023 Budget as Enacted did not properly account for FICA while calculating employee overtime. The Department met with the Office of Management and Budget (OMB) and was told that FICA is not computed on overtime expenses unless the overtime is specific to an individual employee. Due to the departmental policy of seniority-based overtime requests, the Department was unable to generate an overtime code specific to individuals.

Vehicles \$645,000

The Budget includes \$645,000 in general revenue for the purchase of 11 new vehicles to replace ones that are dated and require costly repairs. The general revenue appropriated is new funding and was not appropriated in recent years. The Department indicates that the majority of their fleet is in poor condition and they expend \$600,000 annually on repairs. Additionally, the Department believes that the purchasing

of new vehicles will reduce maintenance costs and increase the safety of inmates, staff, and the general public.

Turnover **(\$492,623)**

The Budget includes a general revenue savings increase of \$492,623 in FY2024 related to turnover within the Custody and Security Program. The FY2023 Enacted Budget included \$6.0 million in turnover savings, which has increased to \$6.5 million, reflecting the \$492,623 difference.

Community Confinement Savings **(\$488,545)**

The Budget includes a \$488,545 reduction in general revenue to reflect expected overtime savings, related to a provision in Article 3 that grants the Department the authority to cease in-person monitoring of an inmate by a Correctional Officer when the inmate is confined to a medical facility. This provision only applies to instances when an inmate is serving a life sentence without parole and is incapacitated with no chance of recovery. Additionally, if the medical condition of the individual were to improve in a way that in-person monitoring enhanced the safety of the medical facility or the public, the individual would return to in-person monitoring.

The \$488,545 in savings was calculated by the Department, assuming a \$55.77 hourly overtime wage for a correctional officer with FICA included.

Correctional Officer Classes 87A and 87B **(\$423,986)**

The Budget includes a total savings of \$423,986 in general revenue related to the employment of Correctional Officer Classes 87A and 87B and the overtime reduction they will create. Based on current demographics, 65 percent of the DOC's current correctional officers are 42 years of age or older and there are 278 correctional officers (including Captains and Lieutenants) who are 54 years of age or older and have served 25 years, making them eligible for immediate retirement. The Department, therefore, plans to hire 2 classes in FY2024, Class 87A and Class 87B, as a result of significant vacancies related to attrition, promotion, and long-term leave. The Department anticipates Class 87A's graduation date to be December 2023 and when fully employed, they will create a total savings for the Custody and Security program of \$786,299 in FY2024. Class 87B's anticipated graduation date is May 2024 and will create a total FY2024 expenditure of \$362,313. However, the Department expects Class 87B to significantly reduce overtime in FY2025. The Budget assumes each class will have 50.0 cadets and the Department will utilize current vacancies as the Budget did not authorize additional FTEs for this initiative.

Copiers **\$49,259**

The Budget includes \$49,259 of general revenue to support the Department's new lease agreement for copy machines. The Department indicates that 35 of their copiers have outdated software that does not support necessary firmware updates. The Budget provides funding to lease copiers throughout the Department's programs and includes \$49,259 for the Custody and Security program.

State Criminal Alien Assistance Program (federal funds) **\$264,286**

The Budget includes \$1.3 million of federal funds to support the State Criminal Alien Assistance Program (SCAAP) reflecting an increase of \$264,286. The State receives SCAAP funds to supplement the cost of incarcerating undocumented criminals with at least one felony or two misdemeanors, for a minimum of four consecutive days.

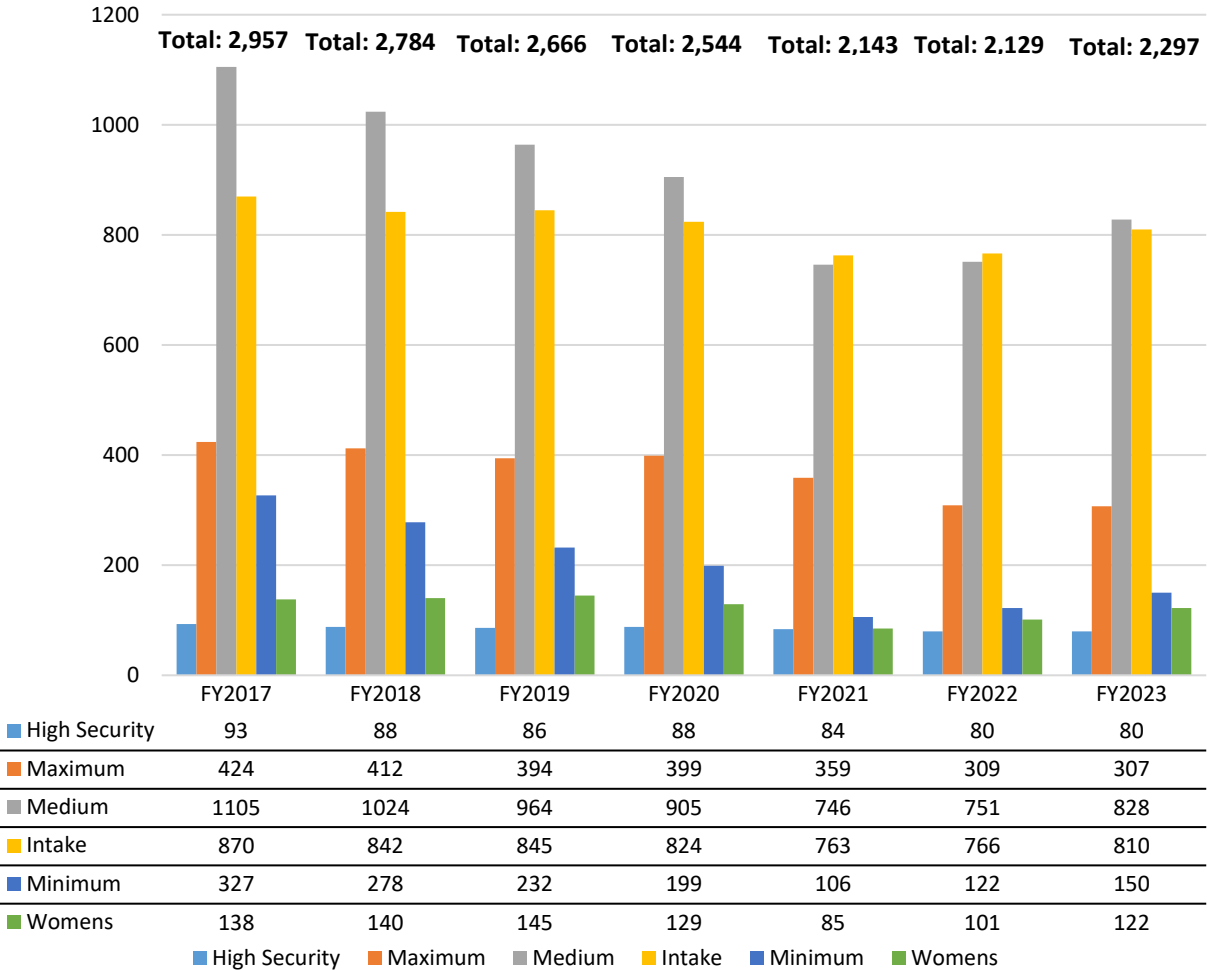
Inmate Population **Informational**

The FY2024 Budget as Enacted is based on an estimated average daily population of 2,278 inmates, a decrease of 79 from the FY2023 enacted level. The Department's budget is largely influenced by the number of inmates in its custody at any given time. As the Department does not control the number of inmates entering or leaving its care, its budget is in large part, a reflection of overall judicial and prosecutorial policies in the State. Factors may include legislative mandates requiring minimum sentences, variances in sentencing policies based on the judges, and/or prosecution or defense counsel involved in

cases. Additionally, the Department projects a daily population of 2,297 in the Third Quarter Report, reflecting an increase of 19 from the FY2024 Governor’s Recommended Budget.

In 2023, the Department averaged 2,297 inmates throughout its 6 institutional facilities. The John J. Moran Medium Security Facility, housed the largest number of inmates in 2023, averaging 828 inmates or 36.1 percent of all individuals under the care of DOC for FY2023. The High Security Center housed the least number of inmates, averaging 80 inmates or 3.5 percent of the population. The following graph and table display the Department’s average population for 2017-2023.

Average Inmate Population FY2017-FY023



INSTITUTIONAL SUPPORT

The Institutional Support program is divided into three sub-programs: the Food Services sub-program, which is responsible for the procurement and preparation of nutritionally-balanced foods for all inmates; the Facilities and Maintenance sub-program, which is responsible for all maintenance and repairs to the Department’s buildings on the Pastore Complex; and, the Classification sub-program, which divides inmates into groups based on their needs.

Institutional Support	General Revenue
FY2023 Enacted	\$23,108,898
<i>Targets and Other Adjustments</i>	
Centralized Services (statewide adjustments)	167,548
Building Maintenance and Repairs	3,638,077
Food Services Unit	1,176,366
RIBCO Contract Adjustment	1,017,851
FICA Adjustment	583,010
FY2024 Enacted	\$29,751,849

Building Maintenance and Repairs **\$1.2 million**

The Budget includes \$2.7 million in general revenue for building maintenance and repairs, reflecting an increase of \$1.2 million from the FY2023 Enacted Budget. The request is consistent with FY2022 expenditures and accounts for the increased pricing of materials. The Department indicates that maintenance and repair costs have escalated to unforeseen levels but believes the expenditures to be necessary in order to complete their objective of maintaining a safe and clean facility.

Food Services Unit **\$1.0 million**

The Budget includes \$8.7 million in general revenue for the Food Services Unit, an increase of \$1.0 million from the FY2023 Enacted Budget. The increase is largely related to a \$674,569 increase in food costs and a \$125,255 reduction in turnover savings. The Department indicates that the food cost increase is consistent with expenditures in FY2022 and is a result of inflation as well as increases in gas prices, and product delivery concerns. The \$1.0 million increase does not include the additional \$545,507 appropriated to the Food Services Unit as a result of the RIBCO contract.

RIBCO Contract Adjustment **\$583,010**

The Budget includes an increase of \$583,010 in general revenue within the Institutional Support program. The increase is related to the ratification of the Rhode Island Brotherhood of Correctional Officers (RIBCO) contract and the adjustment reflects the Department's most recent cost projections. The table below illustrates the adjustment by unit.

RIBCO Contract Adjustment	Institutional Support
Food Services Unit	\$545,507
Classification	31,100
Facility Maintenance Unit	6,403
Total	\$583,010

FICA Adjustment **\$60,099**

The Budget includes \$60,099 in general revenue to supplement Federal Insurance Contributions Act (FICA) payments for employees working in the Institutional Support Program. The Department indicates that the FY2023 Budget as Enacted did not properly account for FICA while calculating employee overtime. The Department met with the Office of Management and Budget (OMB) and was told that FICA is not computed on overtime expenses unless the overtime is specific to an individual employee. Due to the departmental policy of seniority-based overtime requests, the Department was unable to generate an overtime code specific to an individual.

COMMUNITY CORRECTIONS

The Community Corrections program is responsible for supervising offenders serving portions of their sentence under probation, parole, or community confinement, and also provides certain services to victims of crimes. The Probation and Parole unit provides supervision and services for individuals under the

jurisdiction of the courts or Parole Board, and attempts to successfully reintegrate individuals from incarceration back into the community. Community Confinement provides supervision to individuals sentenced to “house arrest” by the courts and can include work-release supervision. Community Corrections uses electronic monitoring as a primary component of its supervision strategy. Victim Services provides 24-hour-per-day automated information about offender status and victim advocacy services, including crisis intervention, referral, and case management.

Community Corrections	General Revenue
FY2023 Enacted	\$19,872,087
<i>Targets and Other Adjustments</i>	
Personnel Salary/Benefit Adjustment	16,663
RIBCO Contract Adjustment	1,014,139
Victims Services	215,734
FICA Adjustment	46,268
FY2024 Enacted	\$21,198,507

Community Corrections	Other Fund Changes
Domestic Violence Justice Reinvestment Initiative (federal funds)	(\$193,858)
Community Corrections Population	Informational

Personnel Salary/Benefit Adjustment **\$1.0 million**

The Budget includes \$19.7 million in general revenue to support the salary and benefits of personnel working in the Community Corrections program, reflecting an increase of \$1.0 million from the FY2023 Budget as Enacted. The \$1.0 million increase does not include the additional \$215,734 appropriated to the Community Corrections program as a result of the RIBCO contract. The adjustment includes a \$614,108 increase in benefits and a \$352,931 increase in salaries. The following table illustrates the adjustment.

Personnel Expenditures	FY2023 Enacted	FY2024 Enacted	Change
Salaries	\$11,027,267	\$11,380,188	\$352,921
Benefits	6,903,735	7,517,843	614,108
Purchased Services	709,554	756,912	47,358
Correctional Officers' Briefing	49,272	49,024	(248)
Total	\$18,689,828	\$19,703,967	\$1,014,139

RIBCO Contract Adjustment **\$215,734**

The Budget includes an increase of \$215,734 in general revenue within the Community Corrections program. The increase is related to the ratification of the Rhode Island Brotherhood of Correctional Officers (RIBCO) contract and the adjustment reflects the Department’s most recent cost projections. The table below illustrates the adjustment by unit.

RIBCO Contract Adjustment	Community Corrections
Home Confinement Unit	\$207,775
Probation and Parole	7,959
Total	\$215,734

Victims Services **\$46,268**

The Budget includes \$152,582 in general revenue to support the Office of Victims Services, reflecting an increase of \$46,268 from the FY2023 Budget as Enacted. The increase in general revenue is due to a reduction in federal funds from the Victims of Crime Act, which issues formula grants through the U.S.

Department of Justice. The funds will be used for contracted professional services with the agency *Day One*, which specializes in addressing issues of sexual assault as a community concern.

FICA Adjustment \$33,616

The Budget includes \$33,616 in general revenue to supplement Federal Insurance Contributions Act (FICA) payments for employees working in the Community Corrections Program. The Department indicates that the FY2023 Budget as Enacted did not properly account for FICA while calculating employee overtime. The Department met with the Office of Management and Budget (OMB) and was told that FICA is not computed on overtime expenses unless the overtime is specific to an individual employee. Due to the departmental policy of seniority-based overtime requests, the Department was unable to generate an overtime code specific to an individual.

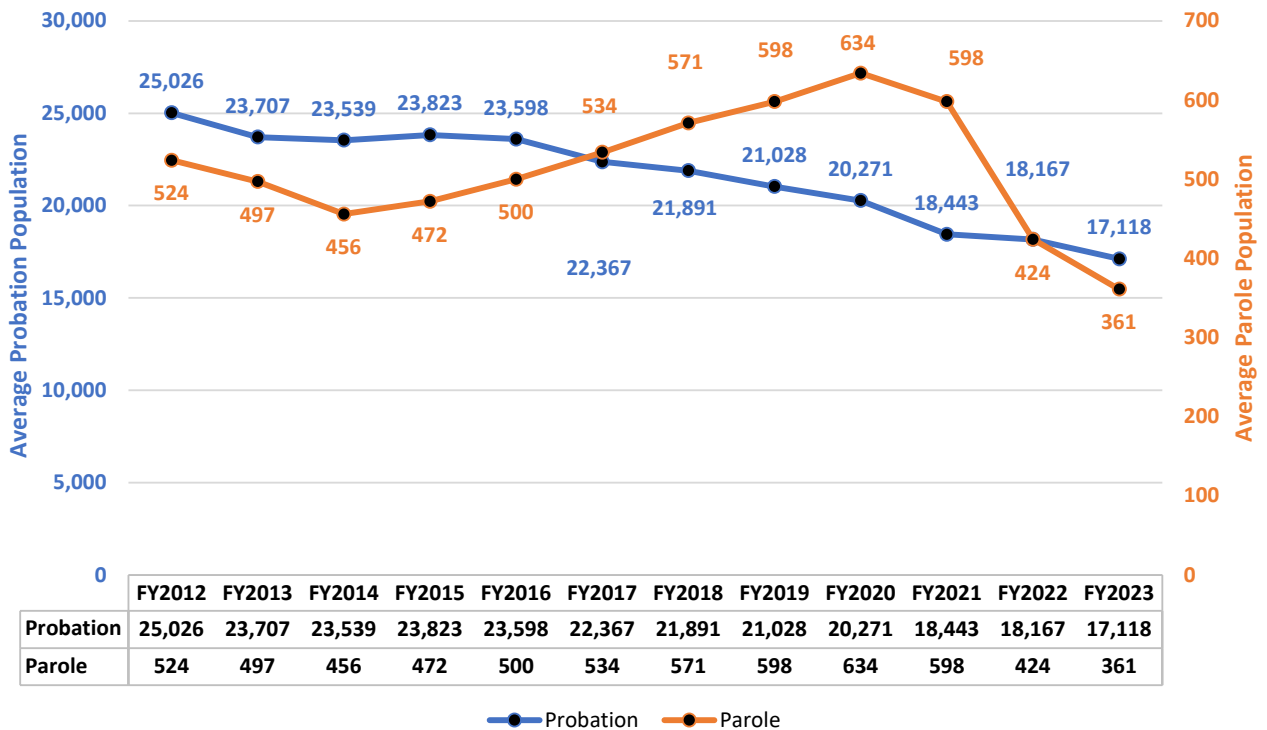
Domestic Violence Justice Reinvestment Initiative (federal funds) (\$193,858)

The Budget includes \$125,517 in FY2024 for the Domestic Violence Justice Reinvestment Grant, a reduction of \$193,858 from the FY2023 Enacted Budget. Under this federally funded grant, the Department will work with leaders in Rhode Island to identify innovative ways to address domestic violence challenges by assessing the entire criminal justice system’s response to domestic violence, from event to reentry.

Community Corrections Population Informational

While representing only 7.4 percent of the Department’s general revenue budget for FY2024, Community Corrections serves the largest number of individuals. In FY2023, the average population served was 17,603, which includes 17,118 individuals on probation, 361 individuals on parole, and 124 individuals in community supervision. The following graph displays the probation and parole population data from 2012 through 2022.

RIDOC Probation and Parole Population FY2012-FY2023



HEALTHCARE SERVICES

The Healthcare Services program is constitutionally mandated to provide medical, dental, and mental health service provision to all inmates. According to the Department, the inmate population is more likely than the general population to have infectious diseases and other conditions. About 1.0 percent of the inmate population is HIV positive, 25.0 percent are infected with Hepatitis C, 15.0 percent have mental health illnesses, and 70.0 to 90.0 percent have histories of substance abuse.

Healthcare Services	General Revenue
FY2023 Enacted	\$28,149,588
<i>Targets and Other Adjustments</i>	<i>(122,886)</i>
Pharmaceuticals	1,437,636
RIBCO Contract Adjustment	1,257,894
Mental Health Services	913,876
Turnover	(749,655)
Staff Training	(458,340)
FICA Adjustment	192,595
Clinical Social Worker, 1.0 New FTE Position	114,892
FY2024 Enacted	\$30,735,600

Healthcare Services	Other Fund Changes
Opioid Stewardship Fund (restricted receipts)	(\$1,537,029)

Pharmaceuticals **\$1.4 million**

The Budget includes \$5.0 million of general revenue for pharmaceutical expenses within the Healthcare Services Program, reflecting an increase of \$1.4 million from the FY2023 Enacted Budget. The Department indicates that this increase is consistent with the FY2022 expenditures and reflects the increased prices of pharmaceuticals. Additionally, the Department indicates that they are looking to expand the 340B program to include other drugs which may create savings in the FY2024-FY2025 Budget. The 340B program is a federal program that requires drug manufacturers participating in Medicaid to provide outpatient drugs to eligible medical organizations at reduced prices.

RIBCO Contract Adjustment **\$1.3 million**

The Budget includes an increase of \$1.3 million of general revenue within the Healthcare Services program. The increase is related to the ratification of the Rhode Island Brotherhood of Correctional Officers (RIBCO) contract and the adjustment reflects the Department's most recent cost projections. The table below illustrates the adjustment by unit.

RIBCO Contract Adjustment	Healthcare Services
Nursing Services	\$1,137,652
Medical Records	54,822
Physician Services	14,891
General	14,877
Mental Health	14,019
Dental Services	13,511
Pharmacy Services	8,122
Total	\$1,257,894

Mental Health Services **\$913,876**

The Budget includes a \$913,876 increase in general revenue reflecting a total of \$4.2 million in FY2024 to support mental health services within Healthcare Services. The increase includes a \$745,581 increase for purchased services and is related to the Budget shifting funding for mental health services to general revenue from the Opioid Stewardship Fund. The \$913,876 increase does not include the additional \$14,019 appropriated to the unit as a result of the RIBCO contract.

Turnover **(\$749,655)**

The Budget includes an additional \$749,655 in general revenue savings related to turnover within the Healthcare Services program when compared to the FY2023 Enacted Budget. The FY2023 Enacted Budget included \$671,374 in total turnover which has been increased to \$1.4 million in the FY2024 Budget, reflecting the \$749,655 difference.

Staff Training **(\$458,340)**

The Budget includes \$29,000 in general revenue, reflecting a \$458,340 reduction from the FY2023 Budget as Enacted for the training of nursing services. The Department indicates that the reduction is due to Federal Medical Assistance Percentages (FMAP) funding that is not expected to be available in FY2024; however, they could not provide further detail or explain the lack of federal funding in either FY2023 or FY2024 that would be expected if Medicaid funds were being used.

FICA Adjustment **\$192,565**

The Budget includes \$192,565 in general revenue to supplement Federal Insurance Contributions Act (FICA) payments for employees working in the Healthcare Services Program. The Department indicates that the FY2023 Budget as Enacted did not properly account for FICA while calculating employee overtime. The Department met with the Office of Management and Budget (OMB) and was told that FICA is not computed on overtime expenses unless the overtime is specific to an individual employee. Due to the departmental policy of seniority-based overtime requests, the Department was unable to generate an overtime code specific to an individual.

Clinical Social Worker, 1.0 New FTE Position **\$114,892**

The Budget includes \$114,892 in general revenue to support the salary and benefits for 1.0 FTE Clinical Social Worker within the Healthcare Services Program. The position will work in the Department's new Behavioral Management Unit (BMU). The State, as well as the Department, are currently named defendants in seven pending federal lawsuits that challenge the treatment and living conditions provided to individuals with serious and persistent mental illness (SPMI) within a restrictive housing setting. The Department indicates that the creation of the BMU will allow the State to avoid litigation and its associated costs, which could include paying for plaintiff attorney fees, expert witness costs, deposition costs, and others. Restrictive housing refers to the confinement of an inmate to a cell for a minimum of 22 hours per day. The BMU requires 32.0 FTEs to operate and will provide housing as well as 10.0 hours per week of unstructured out-of-cell time for 75-100 inmates.

Opioid Stewardship Fund (restricted receipts) **(\$1.5 million)**

The Budget includes \$1.3 million in restricted receipts from the Opioid Stewardship Fund (OSF), a decrease of \$1.5 million from the FY2023 Budget as Enacted. The OSF is comprised of registration fees paid by manufacturers and distributors of opioids. The Department will use this funding to support substance use disorder treatment and recovery services to help inmates accept responsibility for their crimes and reduce rates of relapse and recidivism. Funds will also be used to support the Medication Assisted Treatment (MAT) program which, beginning in 2016, provides buprenorphine, naltrexone, and methadone to incarcerated individuals with an opioid use disorder.

INSTITUTIONAL BASED REHABILITATION/POPULATION MANAGEMENT

The Institutional Based Rehabilitation/Population Management program handles educational and vocational training; Correctional Industries; case management services; inmate treatment services, including substance abuse and counseling and other services; and, reentry services, including discharge planning and reentry assistance.

Correctional Industries provides inmate labor and work crews, and certain manufactured items. Correctional Industries services are provided centrally to all state departments and agencies as well as to municipalities. State law requires the State and municipalities to solicit bids from Correctional Industries when soliciting labor and/or supplies offered under the program. The operational cost of the program is shown on a centralized basis for informational purposes (internal service funding), but the actual costs are reflected in the operating budgets of user agencies.

Institutional Based Rehabilitation/Population Management	General Revenue
FY2023 Enacted	\$11,773,097
<i>Targets and Other Adjustments</i>	
Substance Abuse Treatment Program	280,436
Medication Assisted Treatment Program	1,206,294
Special Services, 1.0 New FTE Position	714,000
Adult Counselor, 1.0 New FTE Position	137,023
RIBCO Contract Adjustment	114,892
Copiers	68,514
FY2024 Enacted	\$14,344,016

Substance Abuse Treatment Program **\$1.2 million**

The Budget includes \$1.6 million in general revenue to support substance abuse treatment programs within the Institutional Based Rehabilitation/Population Management program, reflecting an increase of \$1.2 million from the FY2023 Budget as Enacted. The Department indicates that the increase is due to a restoration of funding for the substance abuse contract, where funding was adjusted from the Opioid Stewardship Fund. Additionally, the services recently went out to RFP and the increase accounts for a potential new award.

Medication Assisted Treatment Program **\$714,000**

The Budget includes \$2.0 million in general revenue to support the Medication Assisted Treatment Program (MAT), reflecting an increase of \$714,000 from the FY2023 enacted level. The Budget shifts the funding of the MAT program to general revenue from the Opioid Stewardship Fund (OSF). The MAT program screens individuals entering RIDOC facilities for opioid use disorder and offers counseling as well as buprenorphine, methadone, and extended-release naltrexone to afflicted individuals.

Special Services, 1.0 New FTE Position **\$137,023**

The Budget includes \$137,023 in general revenue to support the salary and benefits of 1.0 new FTE position for the Special Services Unit. In FY2021, the Office of Internal Audits found that the Department did not have enough staff to perform thorough reviews of program time awards. The new position will be responsible for monitoring inmate behavioral time awards and maintaining the Transfer from Prison to the Community database (TPCDS), which records all inmate programming and group activities subject to good time awards and compliance with court requirements.

Adult Counselor, 1.0 New FTE Position **\$114,892**

The Budget includes \$114,892 in general revenue to support the salary and benefits for 1.0 FTE Adult Counselor within the Institutional Based Rehab/Population Management Program. The position will work in the Department’s new Behavioral Management Unit (BMU). The State, as well as the Department, are

currently named defendants in 7 pending federal lawsuits that challenge the treatment and living conditions provided to individuals with serious and persistent mental illness (SPMI) within a restrictive housing setting. The Department indicates that the creation of the BMU will allow the State to avoid litigation and its associated costs, which could include paying for plaintiff attorney fees, expert witness costs, deposition costs, and others. Restrictive housing refers to the confinement of an inmate to a cell for a minimum of 22 hours per day. The BMU requires 32.0 FTEs to operate and will provide housing as well as 10.0 hours per week of unstructured out-of-cell time for 75-100 inmates.

RIBCO Contract Adjustment

\$68,514

The Budget includes a \$68,514 increase of general revenue within the Healthcare Services program. The increase is related to the ratification of the Rhode Island Brotherhood of Correctional Officers (RIBCO) contract and the adjustment reflects the Department's most recent cost projections. The table below illustrates the adjustment by unit.

RIBCO Contract Adjustment	Institutional Based Rehabilitation/Population Management
Case Management	\$43,545
Education/Vocational Training/Recreation	17,201
Special Services - General	7,768
Total	\$68,514

Copiers

\$49,760

The Budget includes \$49,760 of general revenue to support the Department's new lease agreement for copy machines. The Department indicates that 35 of their copiers have outdated software that does not support necessary firmware updates. The Budget provides funding to lease copiers throughout the Department's programs and includes \$49,760 within the Institutional Based Rehab/Population Management Program.

CAPITAL PROJECTS

The FY2023 Final Budget includes \$9.3 million in RICAP funds, reflecting an increase of \$4.0 million from the FY2023 enacted level. Additionally, the FY2024 Budget as Enacted includes \$4.1 million in RICAP, reflecting a \$1.3 million decrease from the FY2023 enacted level.

Asset Protection: The FY2024 Budget as Enacted includes \$4.1 million for asset protection, reflecting a \$1.0 million reduction from the FY2023 Budget as Enacted. Additionally, the FY2023 Final Budget includes \$8.5 million for asset protection, reflecting a \$3.3 million increase from the FY2023 Budget as Enacted. Current asset protection projects include renovations within the Department's rented space at the Attorney General's Office, as well as equipment for the manufacturing of digital license plates. Currently, the Investigations Unit is separated throughout the Department's campus, the upgrades will consolidate the unit to the newly rented space and provide funding for refitting office expenditures. Moreover, the Budget includes funding for architectural and engineering, as well as servicing the facility's HVAC system.

Analyst Note: Asset protection funding is not typically expended for new equipment or refitting of offices.

Facilities Renovation: The FY2024 Budget as Enacted does not include RICAP funding for facility renovations, reflecting a reduction of \$250,000 from the FY2023 Budget as Enacted. Additionally, the FY2023 Final Budget includes \$864,089 for facility renovations, reflecting an increase of \$614,089 from the FY2023 Budget as Enacted. The funding is consistent with the Department's approved plan.

Judiciary

Expenditures By Program	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Enacted	Final	Enacted	Enacted	Enacted	Enacted	Enacted
Supreme Court	\$43.4	\$46.8	\$49.5	\$2.7	5.9%	\$49.8	\$3.0	6.4%
Superior Court	24.9	27.6	27.2	(0.4)	-1.3%	28.3	0.7	2.5%
Family Court	27.5	29.4	28.6	(0.8)	-2.6%	30.3	0.9	2.9%
District Court	15.5	16.7	16.8	0.1	0.8%	17.2	0.5	3.0%
Traffic Tribunal	9.9	10.7	10.3	(0.4)	-4.2%	11.2	0.5	4.3%
Workers' Compensation Court	8.8	10.0	9.5	(0.5)	-5.0%	10.0	(0.0)	-0.1%
Judicial Tenure & Discipline	0.1	0.2	0.2	0.0	1.0%	0.2	0.0	2.9%
Total	\$130.2	\$141.4	\$142.2	\$0.8	0.6%	\$146.9	\$5.5	3.9%

Expenditures By Source								
General Revenue	\$109.7	\$116.5	\$116.5	(\$0.0)	0.0%	\$121.4	\$4.9	4.2%
Federal Funds	4.0	5.1	5.4	0.3	4.9%	5.0	(0.2)	-3.4%
Restricted Receipts	11.7	14.8	15.1	0.3	1.8%	14.9	0.1	0.8%
Operating Transfers from Other Funds	4.8	5.0	5.3	0.3	5.8%	5.6	1	13.1%
Total	\$130.2	\$141.4	\$142.2	\$0.8	0.6%	\$146.9	\$5.5	3.9%

Authorized FTE Levels	726.3	739.3	739.3	-	-	743.3	4.0	0.0
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\$ in millions. Totals may vary due to rounding.

Rhode Island has a unified court system composed of six statewide courts. The Supreme Court is the court of review, the Superior Court is the general trial court, and the Family, District, Traffic Tribunal, and Workers' Compensation Courts are trial courts of special jurisdiction. The entire system is state-funded with the exception of probate courts, which are the responsibility of cities and towns, and the municipal courts, which are local courts of limited jurisdiction.

The Chief Justice of the Supreme Court is the executive head of the state court system and has authority over the Judiciary's budget. The Chief Justice appoints the State Court Administrator and an administrative staff to handle budgetary and general administrative functions. Under the direction of the Chief Justice, the Court Administrator manages appropriations for all state courts, except those as provided otherwise by law. Each court has responsibility over its own operations and has a chief judge who appoints an administrator to handle internal court management.

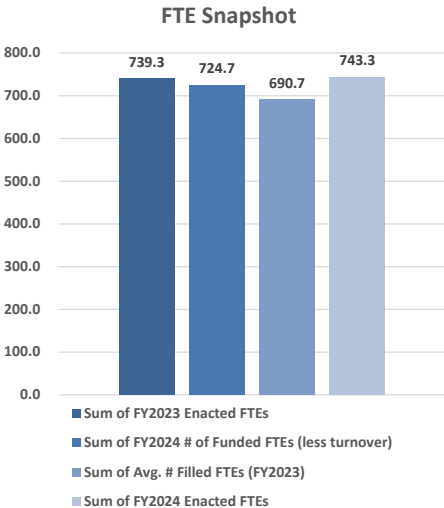
MAJOR ISSUES AND TRENDS

The Budget includes \$121.4 million in general revenue funding, a \$4.9 million (4.2 percent) increase over the FY2023 Budget as Enacted. \$6.6 million of the increase is due to the statewide COLA adjustment, step increases, and related rate increases pertaining to employee benefits, while \$399,454 and 4.0 new FTE positions were added for a new Temporary Restraining Order Department. The Judiciary FY2024 budget request only included \$35,749 in federal fund turnover savings; however, the Budget increased the turnover savings to \$2.7 million in all funds based on anticipated personnel trends.

Federal funds decrease by \$173,183 and restricted receipts increase by \$115,877.

The Budget provides 739.3 FTE positions in FY2023, consistent with enacted budget, and 743.3 in FY2024, an increase of 4.0 FTE positions.

The FY2023 Supplemental Budget is basically consistent with the Budget as Enacted and the Judiciary's request.



SUPREME COURT

The Supreme Court is the only constitutionally-established court in the State, and is empowered with administrative authority over the entire state court system. The Court is the final court of review, and also issues advisory opinions to Legislative and Executive branches of government and regulates the Rhode Island Bar. Administrative functions include budgeting, human resource management, purchasing, information technology management, and fine and fee collection. The Supreme Court also offers programs related to domestic violence prevention, mandatory continuing legal education, alternative dispute resolution, victim rights information, and the interpreter program.

Supreme Court	General Revenue
FY2023 Enacted	\$37,422,020
<i>Target and Other Adjustments</i>	
Personnel Adjustments	(5,830)
Operating Adjustments	1,597,781
Contracted Security Services	676,840
Vehicle Replacement	35,500
FY2024 Enacted	\$39,746,311

Personnel Adjustments**\$1.6 million**

The Budget increases general revenue by \$1.6 million, reflecting changes to various salary and personnel benefits to meet the personnel cost increase of the recent statewide 2.5 percent cost of living adjustment, step increases for approximately 33.0 percent of the Supreme Court employees, and related rate increases pertaining to employee benefits. The Budget also includes higher anticipated turnover as compared to the FY2023 Budget as Enacted.

Operating Adjustments**\$676,840**

The Budget increases general revenue by \$676,840 for operating costs, reflecting known utility increases occurring in FY2024. This includes a \$595,038 increase for electricity and an increase of \$72,540 for natural gas, reflecting increases of 50.0 percent and 20.0 percent respectively for those utilities.

Operating Adjustments	FY2023			FY2024	
	Enacted	FY2023 Final	Change	Enacted	Change
Electricity	\$1,190,076	\$1,785,114	\$595,038	\$1,785,114	\$595,038
Building Maintenance & Repairs	2,589,496	2,589,496	-	2,438,166	(151,330)
Maintenance/Repairs: Communication Systems	282,053	402,053	120,000	402,053	120,000
Fuel: Natural Gas	417,154	514,050	96,896	489,694	72,540
All Other Operating	3,625,088	3,665,180	40,092	3,665,680	40,592
Total	\$8,103,867	\$8,955,893	\$852,026	\$8,780,707	\$676,840

Contracted Security Services**\$35,500**

The Budget increases general revenue by \$35,500 for security service expenses at the Supreme Court. The security services are overtime costs for Sheriffs directly requested by Judiciary. Staffing shortages in the Division of Sheriffs led to an increased reliance on overtime to meet minimum staff requirements to keep courtrooms operating. The Sheriffs' salary and benefits are budgeted in the Department of Public Safety, but the Judiciary pays for costs of the overtime as a contracted service. The adjustments align with historical actual expenditures.

Vehicle Replacement**\$20,000**

The Budget includes \$52,000 in general revenue to purchase a gas-powered SUV replacement vehicle for the Judiciary's motor fleet. This represents an increase of \$20,000 as compared to the FY2023 Budget as Enacted.

SUPERIOR COURT

The Superior Court has jurisdiction for all felony cases, misdemeanor cases that have been appealed or waived from the District Court, civil cases in which the disputed amount exceeds \$10,000, and all probate and zoning appeals. The Court has four locations throughout the state, including Providence, Warwick, Wakefield, and Newport. The Gun Court and Adult Drug Court were established in FY1995 and FY2002, respectively. The Superior Court also has appellate jurisdiction of decisions of local municipal and probate courts. Appeals from various boards and commissions, such as zoning boards and Ethics Commission appeals, are heard in Superior Court as well as petitions to review disciplinary action imposed upon a state or local police officer by the chief of that department. In addition to conducting trials, the Superior Court administers the Court-Annexed Arbitration Program which accelerates the disposition of certain less complex civil cases in which there is \$100,000 or less at issue. Matters such as contract disputes, personal injury claims, and property damage suits may be certified to this alternative dispute resolution program.

Superior Court	General Revenue
FY2023 Enacted	\$26,708,059
<i>Target and Other Adjustments</i>	
Personnel Adjustments	1,953
Centralized Services (statewide adjustments)	817,978
FY2024 Enacted	\$27,552,736

Personnel Adjustments \$817,978

The Budget increases general revenue by \$817,978 reflecting changes to various salary and personnel benefits to meet the personnel cost increase of the recent statewide 2.5 percent cost of living adjustment, step increases for approximately 36.0 percent of the Superior Court employees, and related rate increases pertaining to employee benefits. The Budget includes higher anticipated turnover as compared to the FY2023 Budget as Enacted.

FAMILY COURT

The Rhode Island Family Court, established in 1961, was the first statewide Family Court in the United States. The Family Court has jurisdiction to hear and determine all petitions for divorce and any motions in conjunction with divorce proceedings, such as motions relating to the distribution of property, alimony, support and custody of children. It also hears petitions for separate maintenance, and complaints regarding support for parents and children. The Family Court also has jurisdiction over matters relating to delinquent, wayward, dependent, neglected, abused, and mentally deficient or mentally disordered children. In addition, it has jurisdiction over adoptions, paternity proceedings, and a number of other matters involving domestic relations and juveniles. Appeals from decisions of the Family Court are taken directly to the state Supreme Court.

The Court runs specialty court programs, including the Juvenile Drug Court, Domestic Violence Court, Truancy Court, Mental Health Court Clinic, and the Juvenile Re-Entry Court. The Court has four locations throughout the state, including Providence, Warwick, Wakefield, and Newport.

Family Court	General Revenue
FY2023 Enacted	\$25,436,666
<i>Target and Other Adjustments</i>	
Personnel Adjustments	9,371
Temporary Restraining Order Department (4.0 FTE positions)	692,985
Contracted Security Services	399,454
	(130,000)
FY2024 Enacted	\$26,408,476

Personnel Adjustments **\$692,985**

The Budget increases general revenue by \$692,985 reflecting changes to various salary and personnel benefits to meet the personnel cost increase of the recent statewide 2.5 percent cost of living adjustment, step increases for approximately 30.0 percent of the Family Court employees, and related rate increases pertaining to employee benefits. The Budget includes higher anticipated turnover as compared to the FY2023 Budget as Enacted.

Temporary Restraining Order Department (4.0 FTE positions) **\$399,454**

The Budget includes \$399,454 and 4.0 new FTE positions within the Family Court to establish a Temporary Restraining Order (TRO) Department. The Department would provide a one-stop shop by putting the relevant Advocates Office, Temporary Restraining Order Department, and Courtroom on the same floor. Currently abuse victims are sent to multiple offices on different floors to fill out and file forms. In addition, the Office would stay open until 4:00 p.m. to take filings, instead of the current 3:15 p.m. The new positions include a Supervisory Clerk, Deputy Clerk, Social Case Worker, and General Operations Assistant.

Contracted Security Services **(\$130,000)**

The Budget includes \$97,500 in general revenue for overtime costs for the Sheriffs at Family Court. This is a decrease of \$130,000 and reflects actual expenditures that occurred in FY2022. There is a similar decrease of \$150,000 as part of the FY2023 Supplemental Budget.

DISTRICT COURT

The District Court has jurisdiction over all criminal misdemeanor cases if the defendant waives the right to a jury trial. If the defendant asks for a jury trial, the case will be transferred to the Superior Court. The District Court also has jurisdiction over bail hearings in felony cases and over violation hearings in misdemeanor cases. The District Court presides over civil trials in which the damages sought total up to \$5,000. If the parties agree, the District Court can hear civil suits for damages to a maximum of \$10,000. District Court jurisdiction also includes Small Claims Court for damages up to \$2,500; violations of municipal ordinances and regulations; violations and hearings on involuntary hospitalization under the mental-health, drug-abuse, and alcohol laws; regulatory appeals, including those related to taxation; and violations of state or local housing codes. Appeals from District Court decisions go to the Superior Court. The Court has four locations throughout the state, including Providence, Warwick, Wakefield, and Newport.

District Court	General Revenue
FY2023 Enacted	\$16,059,965
<hr/>	
<i>Target and Other Adjustments</i>	7,422
Personnel Adjustments	312,057
Contracted Security Services	(60,000)
FY2024 Enacted	\$16,319,444

District Court	Other Fund Changes
Rhode Island Mental Health Treatment Court Grant (federal funds)	\$60,449

Personnel Adjustments **\$312,057**

The Budget increases general revenue by \$312,057 reflecting changes to various salary and personnel benefits to meet the personnel cost increase of the recent statewide 2.5 percent cost of living adjustment, step increases for approximately 29.0 percent of the District Court employees, and related rate increases pertaining to employee benefits. The Budget includes higher anticipated turnover as compared to the FY2023 Budget as Enacted.

Contracted Security Services **(\$60,000)**

The Budget includes \$35,000 in general revenue for overtime costs for the Sheriffs at District Court. This is a decrease of \$60,000 and reflects actual expenditures that occurred in FY2022. There is a similar decrease of \$60,000 as part of the FY2023 Supplemental Budget.

Rhode Island Mental Health Treatment Court Grant (federal funds) **\$60,449**

The Budget includes \$274,024 in federal funds, reflecting an increase of \$60,449 for the Mental Health Treatment Court Grant in the District Court. This federal funding is for the Mental Health Clinic and will be used to contract with an outside mental health provider to provide the treatment services for participants of the Mental Health Court. Previous federal grant funding included \$14,600 in FY2022 and \$213,575 in FY2023. The first Court sessions are scheduled to begin in Kent and Providence Counties in mid July 2023.

TRAFFIC TRIBUNAL

The Traffic Tribunal replaced the Administrative Adjudication Court in 1999. The Traffic Tribunal is responsible for hearing most traffic cases, distributing and controlling traffic summonses, and maintaining accurate driver accident and violation records. The Traffic Tribunal hears appeals from the Division of Motor Vehicles and the municipal courts as well as certain violations of the Department of Environmental Management. The Tribunal has authority to enforce its own judgments. The Traffic Tribunal has one location, at the Pastore Center in Cranston.

Traffic Tribunal	General Revenue
FY2023 Enacted	\$10,728,771
<hr/>	
<i>Target and Other Adjustments</i>	<i>\$17,997</i>
Judges' Pensions	202,557
Personnel Adjustments	176,345
Contracted Security Services	60,000
FY2024 Enacted	\$11,185,670

Judges' Pensions **\$202,557**

The Budget increases general revenue funding for pay-go pensions by \$202,557 in the Traffic Tribunal Court, \$170,468 system-wide, to reflect newly retired judges. Pay-go pensions support judges hired before 1990 who are not part of the state employees' retirement system.

Personnel Adjustments **\$176,345**

The Budget increases general revenue by \$176,345 reflecting changes to various salary and personnel benefits to meet the personnel cost increase of the recent statewide 2.5 percent cost of living adjustment, step increases for the Traffic Tribunal employees, and related rate increases pertaining to employee benefits. The Budget includes higher anticipated turnover as compared to the FY2023 Budget as Enacted.

Contracted Security Services **\$60,000**

The Budget includes \$285,000 in general revenue for overtime costs for the Sheriffs at District Court. This is an increase of \$60,000 and reflects actual expenditures that occurred in FY2022. There is a similar increase of \$60,000 as part of the FY2023 Supplemental Budget.

WORKERS' COMPENSATION COURT

The Workers' Compensation Court has jurisdiction over all disputes between employers and employees relating to workers' compensation. The court's jurisdiction includes contested cases involving the rehabilitation of injured employees and claims involving disputes between an employer and its workers' compensation insurer. Since FY1990, the expenses incurred in the operation of the court are paid through the Workers' Compensation Administrative Fund (restricted receipts).

Workers' Compensation Court	Restricted Receipts
FY2023 Enacted	\$10,020,945
<i>Target and Other Adjustments</i>	<i>(12,700)</i>
Operating Adjustments (restricted receipts)	68,043
Personnel Adjustments (restricted receipts)	(53,074)
Judges' Pensions (restricted receipts)	(34,899)
IT Systems Support (restricted receipts)	20,000
FY2024 Enacted	\$10,008,315

Operating Adjustments (restricted receipts) \$68,043

The Budget increases \$68,043 in restricted receipts for operating costs, reflecting known utility increases occurring in FY2024. This includes a \$50,000 increase for electricity and an increase of \$1,224 for natural gas. Also, there is an increase of \$11,819 for centralized services for information technology services and an increase of \$5,000 for the rental costs for parking spaces.

Operating Adjustments	FY2023			FY2024	
	Enacted	FY2023 Final	Change	Enacted	Change
Electricity	\$95,000	\$145,000	\$50,000	\$145,000	\$50,000
Information Technology Charges	-	103,664	103,664	11,819	11,819
Rental of Outside Property	64,800	69,800	5,000	69,800	5,000
Fuel: Natural Gas	22,900	27,097	4,197	24,124	1,224
Total	\$182,700	\$345,561	\$162,861	\$250,743	\$68,043

Personnel Adjustments (restricted receipts) (\$53,074)

The Budget decreases restricted receipts by \$53,074 reflecting changes to various salary and personnel benefits primarily attributable to a reduction of 1.4 FTE positions compared to the enacted level, all of which have been reallocated to other programs.

Judges' Pensions (restricted receipts) (\$34,899)

The Budget reduces restricted receipt funding for pay-go pensions by \$34,899 in the Workers' Compensation Court (\$170,468 system-wide) to reflect changes to the beneficiaries receiving payments. Pay-go pensions support judges hired before 1990 who are not part of the state employees' retirement system.

IT Systems Support (restricted receipts) \$20,000

The Budget includes \$67,110 in restricted receipts, reflecting an increase of \$20,000 from the previous fiscal year for IT System Support contract services. This increase aligns with the FY2022 actual and FY2023 projected expenses.

JUDICIAL TENURE AND DISCIPLINE

The Commission on Judicial Tenure and Discipline is the program charged with investigating judges who have been charged with misconduct. The Supreme Court may affirm, modify, or reject the recommendations of the Commission.

Judicial Tenure & Discipline	General Revenue
FY2023 Enacted	\$169,767
<i>Target and Other Adjustments</i>	<i>(7)</i>
Personnel Adjustments	4,973
FY2024 Enacted	\$174,733

Personnel Adjustments

\$4,973

The Budget increases general revenue by \$4,973 reflecting changes to various salary and personnel benefits to meet the personnel cost increase of the recent statewide 2.5 percent cost of living adjustment and related rate increases pertaining to employee benefits.

CAPITAL PROJECTS

The Budget includes \$4.9 million in Rhode Island Capital Plan (RICAP) funds for four capital projects in FY2024, and \$4.5 million in RICAP funds for five projects in the FY2023 Supplemental Budget.

RICAP - Capital Projects	FY2023 Enacted	FY2023 Final	Change to Enacted	FY2024 Enacted	Change to Enacted
RICAP - Garrahy Non-Courtroom Restoration	\$0	\$0	\$0	\$1,125,000	\$1,125,000
RICAP - Judicial Complexes - HVAC	1,000,000	1,195,532	195,532	1,000,000	-
RICAP - Judicial Complexes Asset Protection	1,500,000	1,590,235	90,235	2,250,000	750,000
RICAP - Judicial Complexes Fan Coil Unit Replacements	750,000	750,000	-	500,000	(250,000)
RICAP - Licht Judicial Complex Restoration	750,000	750,612	612	-	(750,000)
RICAP - McGrath Judicial Complex Exterior	225,000	225,000	-	-	(225,000)
Total	\$4,225,000	\$4,511,379	\$286,379	\$4,875,000	\$650,000

- **Garrahy Non-Courtroom Restoration:** The Budget includes \$1.1 million in RICAP funds in FY2024 to replace carpets, paint, and to upgrade bathrooms.
- **Judicial Complexes HVAC:** The Budget includes \$1.2 million in FY2023 and \$1.0 million in FY2024 to finish the replacement and repair of court-managed HVAC systems at the courthouses system wide. Funds are provided for installation of air handler units (AHU) and variable air volume (VAV) systems, replacement of make-up air units and water heaters, and fan coil replacement.
- **Judicial Complexes Asset Protection:** The Budget includes \$1.5 million in FY2023 and \$2.3 million in FY2024 for asset protection projects throughout the court system. Projects include security and fire suppression upgrades, courtroom restorations, elevator upgrades, and electrical upgrades.
- **Judicial Complexes Fan Coil Unit Replacements:** The Budget provides \$750,000 in FY2023 and \$500,000 in FY2024 for both the architectural/engineering work and the installation of the fan coils in the Licht, Fogarty, and Murray facilities. This project is projected to continue through FY2028.
- **Licht Judicial Complex Restoration:** The Budget includes \$750,612 in FY2023 to finance the completion of restorations to the Licht Judicial Complex. Funds will be used to renovate courtrooms. This includes repairing or replacing all of the furniture, plastering and painting, upgrading lighting, and refinishing floors.
- **McGrath Judicial Complex Exterior:** The Budget provides \$225,000 in FY2023 to replace older roof top HVAC units at the McGrath Judicial Complex with newer efficient systems.

Military Staff

Expenditures By Program	FY2022 Actual	FY2023 Enacted	FY2023 Final	Change from Enacted		FY2024 Enacted	Change from Enacted	
RI National Guard	\$24.6	\$40.6	\$44.8	\$4.3	10.5%	\$75.9	\$35.3	87.0%
Total	\$24.6	\$40.6	\$44.8	\$4.3	10.5%	\$75.9	\$35.3	87.0%

Expenditures By Source	FY2022 Actual	FY2023 Enacted	FY2023 Final	Change from Enacted		FY2024 Enacted	Change from Enacted	
General Revenue	\$2.9	\$3.4	\$3.3	(\$0.1)	-2.7%	\$3.7	\$0.3	8.6%
Federal Funds	20.4	34.3	39.6	5.3	15.4%	64.7	30.4	88.7%
Restricted Receipts	-	0.1	0.1	-	-	0.1	-	-
Operating Transfers from Other Funds	1.3	2.9	1.9	(0.9)	-32.3%	7.5	4.6	161.4%
Grand Total	\$24.6	\$40.6	\$44.8	\$4.3	10.5%	\$75.9	\$35.3	87.0%

Authorized FTE Levels	92.0	93.0	93.0	-	-	93.0	-	-
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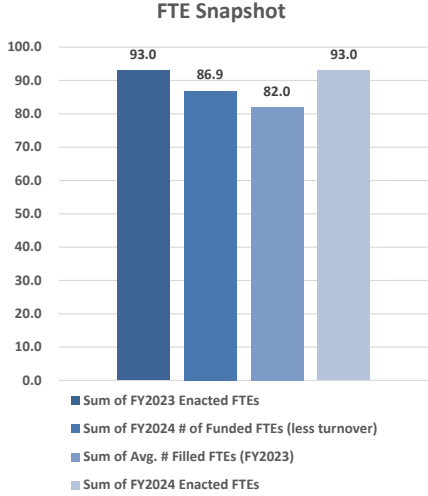
\$ in millions. Totals may vary due to rounding.

The mission of the Military Staff (Rhode Island National Guard) is to prepare for immediate mobilization in the event of war or national emergency; to maintain peace, order, and public safety in the state in time of man-made or natural disaster or when otherwise directed by the Governor; and, to participate in the development and establishment of local, regional, and nationwide initiatives and programs.

MAJOR ISSUES AND TRENDS

The FY2023 Final Budget includes \$44.8 million, of which \$39.6 million are federal funds, \$3.3 million are general revenue, \$1.9 million are RICAP funds, and \$55,000 are restricted receipts. This reflects an all funds increase of \$4.3 million from the FY2023 Budget as Enacted. Federal funds increase by \$5.3 million, other funds (RICAP) decrease by \$926,433, and general revenues decrease by \$93,824.

The FY2024 Budget as Enacted includes \$75.9 million for FY2024, of which \$64.7 million (85.3 percent) is federal funds, \$7.5 million (9.8 percent) is RICAP funds, \$3.7 million (4.8 percent) is general revenue, and \$55,000 (0.1 percent) is restricted receipts. This reflects an all funds increase of \$35.3 million from the FY2023 Budget as Enacted. Federal funds increase by \$30.4 million, other funds (RICAP) increase by \$4.6 million, and general revenues increase by \$285,291.



The Budget provides 93.0 FTE positions in FY2023 and in FY2024, consistent with the enacted budget.

Quonset Air National Guard Facilities

The largest expenditures of the Military Staff budget occur with the Rhode Island Air National Guard facilities at Quonset, which will receive federal appropriations of \$55.6 million in FY2023, \$136.0 million in FY2024, and out-year funding of \$64.9 million through to FY2028, for several capital projects. A significant portion of these federal funds are not State-guided projects and the federal funding is not appropriated through the State.

In addition, the Rhode Island Air National Guard will receive \$8.7 million in RICAP funds between FY2023 and FY2026 for Air National Guard Facilities, a new Air National Guard Headquarters Building, and for the reconstruction of the Quonset runways to meet military specifications.

Quonset Air National Capital Projects	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	Total
Federal	\$55.6	\$136.0	\$28.3	\$7.8	\$21.6	\$7.2	\$256.5
RICAP	0.3	4.9	1.9	1.6	-	-	8.7
Total	\$55.9	\$140.9	\$30.2	\$9.4	\$21.6	\$7.2	\$265.2

\$ in millions

Source: RICAP FY2024 Budget as Enacted. Federal from Capital Budget Book.

Federal Funding

The Budget includes \$64.7 million in federal funds, reflecting an increase of \$30.4 million over the previous fiscal year. Approximately \$54.1 million or 83.5 percent of the federal funds is applied to the operations and capital construction projects of the Army and Air National Guard facilities. In particular, the major expenses involve the Quonset Air National Guard facility and runway reconstruction projects, armory asset protection, and an appropriation of \$5.3 million in federal funds from the Counter Drug Asset Forfeiture to construct a 15,722 square foot Counter Drug Training Facility at Camp Fogarty in East Greenwich. The remaining \$10.7 million or 16.5 percent, funds personnel and contract services of the National Guard.

The capital budget also contains federal funds for National Guard projects that are not State projects appropriated within the State budget. Most of the federal funded capital projects are direct federal appropriations to the National Guard facilities. These capital projects are stated to provide an understanding of activities of the federal National Guard Bureau in improving facilities in the State.

NATIONAL GUARD

The National Guard program is composed of reserve units of the United States Army and Air Force, the Rhode Island National Guard (RING), and the State Historic Militia. The Guard is authorized to have in excess of 3,300 members (2,178 Army National Guard and 1,136 Air National Guard). The Guard has numerous facilities throughout the state, including 14 armories, 3 air bases, 2 training sites, 10 maintenance and support buildings, and housing equipment valued at \$500.0 million. According to the Military Staff, the estimated annual economic impact on the State attributed to National Guard programs exceeds \$238.0 million. The Guard is largely financed through federal funds, including drill and training pay for Army and Air Guard personnel, supplies, equipment, facility maintenance, and capital projects. State funds are provided as a match on some projects and primarily pay employee salary and benefit costs, training, travel, and maintenance.

RI National Guard	General Revenue
FY2022 Enacted	\$3,365,511
<i>Target and Other Adjustments</i>	808
Operating Adjustments	702,172
Personnel Adjustments	(417,689)
FY2023 Enacted	\$3,650,802
RI National Guard	Other Fund Changes
ANG Facilities (federal funds)	\$19,000,000
Counter Drug Training Facility (federal funds)	5,253,814
Miscellaneous Minor Construction (federal funds)	5,083,038

Operating Adjustments **\$702,172**

The Budget includes \$2.0 million in general revenue (\$27.3 million in all funds) in FY2024 for operating expenses, reflecting a net increase of \$702,172 from the FY2023 Budget as Enacted. The largest adjustments include an increase of \$500,000 for computer equipment repairs and an increase for electricity costs of \$196,909.

Operating Adjustments	FY2023 Enacted	FY2024 Enacted	Change
Maintenance/Repairs: Computer Equipment	\$0	\$500,000	\$500,000
Electricity	510,907	707,816	196,909
All Other Operating	817,499	822,762	5,263
Total	\$1,328,406	\$2,030,578	\$702,172

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

The increase in electricity costs is a result of rising energy prices from the conversion of National Grid to RI Energy and were based on projected usage with the new electric and natural gas rates (47.0 percent increase in October 2022 for electricity and 15.0 percent in November 2022 for natural gas). The National Guard has various cost sharing of utility expenses with the federal government depending on usage and facility. The share varies from 100.0 percent federally funded, to 75.0 percent or 50.0 percent federally funded, depending on the type of property. The Budget Office notes that these increases will be removed from the base budget and calculated into a statewide internal service fund adjustment.

Personnel Adjustments **(\$417,689)**

The Budget includes \$1.2 million in general revenue for personnel expenses, reflecting a decrease of \$417,689 from the FY2023 Budget as Enacted. The largest change relates to increased turnover savings at \$271,583, reflecting the Military Staff’s assumption that turnover will equate to an average of 4.3 FTE positions during FY2024. Currently, there are 7.0 FTE position vacancies and there are 3.0 FTE positions in the recruitment process. The decrease of \$146,106 reflects the various corresponding benefit adjustments associated with increased turnover savings.

Personnel Adjustments	FY2023 Enacted	FY2024 Enacted	Change
Turnover	\$7,688	(\$263,895)	(\$271,583)
All Other Personnel Adjustments	1,661,516	1,515,410	(146,106)
Total	\$1,669,204	\$1,251,515	(\$417,689)

ANG Facilities (federal funds) **\$19.0 million**

The Budget includes \$19.0 million in federal funds for various capital projects including the Quonset Airway Runway reconstruction project. At the time of budget submission, it was thought that these projects would be billed through “Appendix 31” of the federal Cooperative Agreement for “100% Air Guard Minor Construction”. The project and estimated expenses are:

Capital Projects	Federal Funds
Runway Reconstruction Project	\$15,000,000
Repair Pavement Flightline Drive	625,000
Emergent Facility Repairs	500,000
Duct Cleaning Basewide	110,000
RIAC Share of Runway Reconstruction Project	2,663,612
Total	\$18,898,612

Counter Drug Training Facility (federal funds)**\$5.3 million**

The Budget includes \$5.3 million in federal Counter Drug Asset Forfeiture funds and \$2.0 million in RICAP funds to construct a 15,722 square foot Counter Drug Training Facility at Camp Fogarty in the Town of East Greenwich. This project utilizes Google Asset Forfeiture federal funds and is listed in the agency's capital plan for FY2024. The forfeiture funds requested in FY2024 reflect unexpended funds appropriated in FY2022. The balance remaining in the Google Asset Forfeiture account for the Rhode Island National Guard is \$5,249,249. The approval of this capital project will leave a balance of \$5,920 in the account.

Miscellaneous Minor Construction (federal funds)**\$5.1 million**

The Budget includes \$20.2 million in federal funds for numerous miscellaneous minor capital and asset protection projects that are partially or fully paid with federal funds. This is an increase of \$5.1 million from the FY2023 Budget as Enacted, resulting from multiple change orders on projects such as the Middletown Armory project cost increasing from \$3.4 million to \$3.7 million, shifting the Middletown Armory project from FY2023 to FY2024 due to delays, and cost increases for the Aviation Readiness Center project that increased from \$35.0 million to approximately \$38.0 million.

CAPITAL PROJECTS

The Budget includes RICAP funds of \$1.9 million in FY2023, reflecting a decrease of \$926,433, and \$7.5 million in FY2024, reflecting an increase of \$4.6 million from the FY2023 Budget as Enacted. The RICAP funded projects include:

Capital Projects - RICAP Funds	FY2023 Enacted	FY2023 Final	Change	FY2024 Enacted	Change
RICAP - AMC Roof Replacement	\$366,500	\$366,500	\$0	\$0	(\$366,500)
RICAP - Asset Protection	1,290,000	1,290,000	-	1,753,294	463,294
RICAP - Quonset Air National Guard Headquarters Facility	-	-	-	3,000,000	3,000,000
RICAP - Sun Valley Armory	788,161	-	(788,161)	788,161	-
RICAP: Aviation Readiness Center	138,272	-	(138,272)	138,272	-
RICAP: Quonset Airport Runway Reconstruction	275,000	275,000	-	1,774,119	1,499,119
Total	\$2,857,933	\$1,931,500	(\$926,433)	\$7,453,846	\$4,595,913

- **AMC Roof Replacement:** The Budget includes \$366,500 in RICAP funds in FY2023 and no funding in FY2024 for the Armory of Mounted Commands project, as the project will be complete.
- **Asset Protection:** The Budget includes \$1.8 million in RICAP funds for general asset protection projects. The project lists out-year funding of \$4.1 million in RICAP funds through FY2028.
- **Sun Valley Armory:** The Budget shifts \$788,161 in RICAP funds, from FY2023 to FY2024, for a 17,000 square foot addition to the Sun Valley Readiness Center in the Town of East Greenwich. This facility serves as the supporting center for the 861st Engineer Company. The project lists out-year funding of \$2.7 million in RICAP funds through FY2026.
- **Aviation Readiness Center:** The Budget shifts \$138,272 in RICAP funds, from FY2023 to FY2024, and includes \$2.7 million in RICAP funds through FY2026 to construct a 65,000 square foot training and readiness center at the Quonset Air Base for the Rhode Island National Guard 1/126th Aviation Unit.

Rhode Island Emergency Management Agency

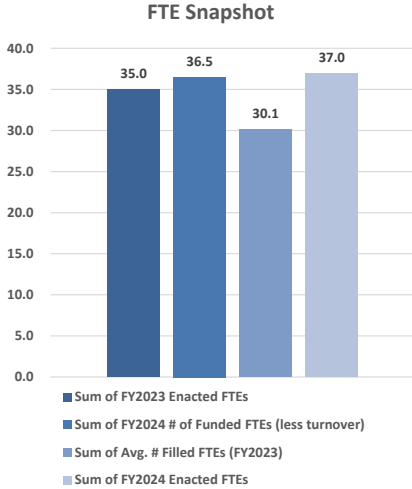
Expenditures By Program	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Enacted	Final	Enacted	Enacted	Enacted	Enacted	Enacted
Central Management	\$15.1	\$37.4	\$48.9	\$11.5	30.9%	\$50.2	\$12.9	34.5%
Expenditures By Source								
General Revenue	\$4.9	\$4.3	\$5.4	\$1.1	0.3	\$6.6	\$2.3	54.2%
Federal Funds	8.5	29.5	39.7	10.2	34.7%	38.5	9.0	30.7%
Restricted Receipts	0.2	0.5	0.4	(0.1)	-13.3%	0.4	(0.1)	-11.2%
Operating Transfers from Other Funds	1.5	3.2	3.4	0.3	0.1	4.7	1.6	49.5%
Total	\$15.1	\$37.4	\$48.9	\$11.5	30.9%	\$50.2	\$12.9	34.5%
Authorized FTE Levels	33.0	35.0	35.0	-	-	37.0	2.0	5.7%

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

The Rhode Island Emergency Management Agency (RIEMA) is the coordinating agency for multi-jurisdiction and multi-agency response in the state for all emergencies including natural and technological hazards such as fires, floods, tornadoes, hurricanes, winter storms, chemical releases, weapons of mass destruction, and terrorism incidents. RIEMA is the official coordinating agency of the State for the federal Department of Homeland Security and the Federal Emergency Management Agency in times of state, national, multi-jurisdiction, and multi-agency emergencies and disasters. RIEMA operates and maintains the State Emergency Operations Center, as well as the statewide 800 MHz radio system and network. RIEMA became nationally accredited in October 2016, via the Emergency Management Accreditation Program (EMAP).

MAJOR ISSUES AND TRENDS

The FY2023 Final Budget includes \$48.9 million, of which \$5.4 million is general revenue. Federal funds comprise \$39.7 million or 81.1 percent of the Agency’s budget in FY2023. The Final Budget increases general revenue by \$1.1 million for federal expenditures pending approval by the Federal Emergency Management Agency (FEMA), that occurred in FY2023 but remain unapproved by June 30, 2023. The accounting standards require these expenditures to be recognized as FY2023 general revenue expenditures, with corresponding general revenue increases in the FY2024 general revenue fund balance (opening surpluses) as the FY2023 based expenditures are approved by FEMA and funds are released to the State. There is a corresponding decrease of \$1.1 million in federal funds.



The FY2024 Budget as Enacted includes \$50.2 million, of which \$6.6 million is general revenue. General revenue expenses increase by \$2.3 million, primarily due to RISON communication system upgrades and the shift of \$1.5 million in RICAP funded expenses to general revenue. Federal funds are \$38.5 million (76.6 percent) of the Agency’s budget in FY2024, an increase of \$9.0 million. Other funds increase by \$1.6 million.

The Budget includes 35.0 FTE positions in FY2023 and 37.0 FTE positions in FY2024, including the addition of a new Fiscal Management Officer and a new Emergency Communications Technician position. The two new positions are fully federally funded.

Central Management	General Revenue
FY2023 Enacted	\$4,308,154
<i>Target and Other Adjustments</i>	<i>19,091</i>
Operating Adjustment	2,305,717
FY2024 Enacted	\$6,632,962

Central Management	Other Fund Changes
Personnel, Contract Services, and Operating Adjustments (federal funds)	\$7,998,554
Disaster and Emergency Preparedness Grants (federal funds)	1,075,714
Capital Purchases and Equipment (federal Funds)	(412,851)
COVID Related Expenses (federal funds)	(32,464)

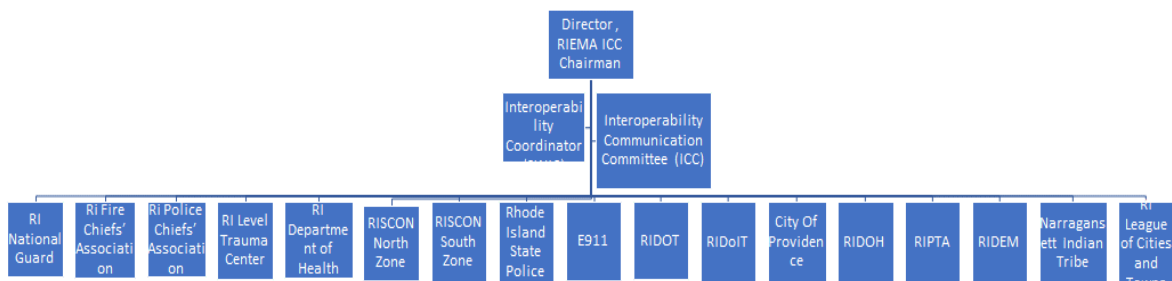
Operating Adjustment **\$2.3 million**

The Budget includes \$3.8 million in general revenue for various operating expenses, reflecting a net increase of \$2.3 million from the FY2023 Budget as Enacted. The increase primarily reflects \$3.1 million for communication system upgrades and repairs, to operate and maintain the 800MHz Rhode Island Statewide Communications System Network (RISCON). The increase includes \$1.5 million reflecting a shift of RICAP funds to general revenue to support the Rhode Island Statewide Communications System Network (RISCON), the main communications platform used by all public safety agencies in the State for daily operations. There is a corresponding decrease of \$1.5 million in RICAP funds reflecting a shift of RICAP funds to general revenue.

In addition, the increase includes \$219,930 for the cybersecurity protections for the RISCON system. RISCON provides an emergency radio system connecting all 39 communities and state agencies. The Budget also includes a \$19,067 increase to reflect billed amounts for information technology and human resource services that are reflected in each agency based on actual use by the agency. These increases are offset by a decrease of \$726,163 for Division of Information Technology maintenance contracts on the 800MHz Rhode Island Statewide Communications System Network (RISCON). The decrease actually reflects a funding shift between the maintenance and repair and DOIT maintenance contract lines.

Operating Adjustments	FY2023 Enacted	FY2024 Enacted	Change
Maintenance/Repairs: Communication Systems	\$62,500	\$3,055,479	\$2,992,979
DOIT: Maintenance Contracts	1,278,649	552,486	(726,163)
All Other Operating	166,512	205,413	38,901
Total	\$1,507,661	\$3,813,378	\$2,305,717

RISCON Organizational Chart



Personnel, Contract Services, Operating, and Capital Changes (federal funds) \$8.0 million

The Budget includes \$17.7 million in federal funds for non-COVID related personnel, contract services, operating, and non-RICAP capital costs, reflecting an increase of \$8.0 million in federal funds from the FY2023 Budget as Enacted. The largest component of the increase is \$6.9 million for municipal and state repair projects and plowing costs associated with the January 29, 2022, blizzard, referred to as Winter Storm Kenan.

In addition, the Budget adds \$210,221 in federal funds for a new Fiscal Management Officer and a new Emergency Communications Technician position. The positions are fully federally funded and will provide support to the finance and grants office and to support the State's Rhode Island Statewide Communications System Network (RISCON).

Personnel, Contract Services, Operating, Capital - Federal	FY2023 Enacted	FY2023 Final	Change	FY2024 Enacted	Change
Winter Storm Kenan Project and Management	\$0	\$6,900,163	\$6,900,163	\$6,900,148	\$6,900,148
EMPG 2022 Emergency Management Preparedness Grant	-	2,644,001	2,644,001	2,799,737	2,799,737
EMPG 2021 Emergency Management Preparedness Grant	3,380,350	2,795,334	(585,016)	1,712,489	(1,667,861)
SHSP 2022 State Homeland Security Grant	-	877,894	877,894	1,192,871	1,192,871
SHSP 2021 State Homeland Security Grant	1,343,689	1,359,518	15,829	1,124,428	(219,261)
All Other Personnel, Contract Services, Operating, and Capital	4,967,880	3,961,266	(1,006,614)	3,960,800	(1,007,080)
Total	\$9,691,919	\$18,538,176	\$8,846,257	\$17,690,473	\$7,998,554

Disaster and Emergency Preparedness Grants (federal funds) \$1.1 million

The Budget includes \$20.7 million in federal funds for various federal grants and reimbursements received for storm and natural disaster events. This appropriation is \$1.1 million more than the FY2023 Budget as Enacted. These funds also reimburse preparedness efforts for terrorist threats, active shooters, hazardous material containment, and other emergency events. The preparedness efforts are intended to improve and enhance the State's ability to prevent, deter, respond to, and recover from threats and incidents. Federal grant funds vary from year to year depending upon the number and severity of natural disasters and the availability of federal funds for non-disaster grants. The following table highlights the more significant changes in FY2023 and FY2024.

RIEMA Federal Grants	FY2023 Enacted	FY2023 Final	Change	FY2024 Enacted	Change
SHSP 2022 State Homeland Security Grant	\$0	\$3,838,979	\$3,838,979	\$3,520,127	\$3,520,127
SHSP 2020 State Homeland Security Grant	3,277,164	1,661,691	(1,615,473)	1,661,691	(1,615,473)
SHSP 2019 State Homeland Security Grant	1,587,224	-	(1,587,224)	-	(1,587,224)
NPSG 2022 Non Profit Security Grant	-	1,350,696	1,350,696	1,350,696	1,350,696
Blizzard - Juno Disaster #4212	1,206,538	-	(1,206,538)	-	(1,206,538)
Hmngp Blizzard Juno #4212	1,113,678	-	(1,113,678)	-	(1,113,678)
All Other Grants	12,453,878	12,906,618	452,740	14,181,682	1,727,804
Total	\$19,638,482	\$19,757,984	\$119,502	\$20,714,196	\$1,075,714

Capital Purchases and Equipment (federal funds) (\$412,851)

The Budget includes \$248,399 in federal funds for capital purchases and equipment reflecting a decrease of \$412,851 from the FY2023 Budget as Enacted. The major changes include reductions of \$382,252 to purchase furniture that is not required in the upcoming fiscal year, a decrease of \$49,158 for other expenses, and an increase of \$18,559 for computer equipment.

COVID Related Expenses (federal funds) (\$32,464)

The Budget decreases personnel expenses by \$294,238 and increases operating expenses by \$261,774 resulting in a net federal fund decrease of \$32,464, to reflect expenses projected by RIEMA in response to the COVID-19 pandemic. On March 13, 2020, the President of the United States declared a nationwide emergency relating to the COVID-19 pandemic. Under such federal declaration, referred to as the Stafford Act, federal disaster activities are assumed by the Federal Emergency Management Agency (FEMA). Such activities and assistance allow the State to qualify for a 75.0 percent reimbursement of certain emergency-

related expenses. The expenses incurred include personal protective equipment (PPE), ventilators, and the establishment of emergency field hospitals.

Personnel - Federal COVID Response	FY2023 Enacted	Final	Change	Enacted	Change
ARP DIRECT: Emergency Management Performance Grants	\$0	\$0	\$0	\$99,932	\$99,932
FEMA: COVID-Related Expenses	394,155	1,954	(392,201)	-	(394,155)
Relief Fund: COVID-Related Expenses	15	-	(15)	-	(15)
Total	\$394,170	\$1,954	(\$392,216)	\$99,932	(\$294,238)

Operating - Federal COVID Response	FY2023 Enacted	FY2023 Final	Change	FY2024 Enacted	Change
FEMA: COVID-Related Expenses	(\$380,636)	\$900,000	\$1,280,636	\$0	\$380,636
FEMA: Supplies WKS: RIEMA	118,876	489,616	370,740	-	(118,876)
Relief Fund: COVID-Related Expenses	(14)	-	14	-	14
Total	(\$261,774)	\$1,389,616	\$1,651,390	\$0	\$261,774

CAPITAL PROJECTS

The Budget includes \$3.4 million in RICAP funds in FY2023, reflecting an increase of \$250,000 from the FY2023 Budget as Enacted and \$4.7 million in RICAP funds in FY2024, reflecting an increase of \$1.6 million from the FY2023 Budget as Enacted. The projects include:

RICAP Fund Projects	FY2023 Enacted	FY2023 Final	Change	FY2024 Enacted	Change
RICAP - Emergency Management Building	\$0	\$250,000	\$250,000	\$0	\$0
RICAP - RI Statewide Communications System Network	1,494,400	1,494,400	-	-	(1,494,400)
RICAP - RISCON 700 MHZ Project	-	-	-	2,776,375	2,776,375
RICAP - RISCON Infrastructure Upgrades	1,134,400	1,134,400	-	1,190,000	55,600
RICAP - RISCON Tower	-	-	-	500,000	500,000
RICAP - RISCON Warehouse	-	-	-	250,000	250,000
RICAP - State Emergency Ops Center	524,657	524,657	-	-	(524,657)
Total	\$3,153,457	\$3,403,457	\$250,000	\$4,716,375	\$1,562,918

- The Budget includes \$2.8 million to revive a decommissioned 700mhz band system that was previously used by the Rhode Island Public Transit Authority (RIPTA) and upgrade it to a frequency division multiple access (FDMA) trunking cell that allows multiple users to send data through a single communication channel. This upgraded system will be used by RIPTA as well as the Rhode Island Department of Transportation. The upgrade will allow RIEMA to segregate different users of RISCON to prevent system overloads during emergencies.
- The Budget shifts the annual \$1.5 million RICAP fund appropriation to support the Rhode Island Statewide Communications System Network (RISCON), from RICAP to general revenue. The project enhances and further develops RISCON, the main communications platform used by all public safety agencies in the State for daily operations. There is a corresponding increase of \$1.5 million in general revenue.
- The Budget includes \$1.1 million in RICAP funds in FY2023, \$1.2 million in RICAP funds in FY2024, and out-year RICAP funding of \$260,000 from FY2025 to post-FY2028, to upgrade the RISCON system. The project scope includes propane generator replacements, adding propane generators to sites currently without one, and other security and wiring upgrades.
- The Budget includes \$500,000 in RICAP funds in FY2024 to replace an old forestry tower that is structurally unsound. The replacement RISCON communications system tower will be located approximately 40 feet from the location of the current tower and will be higher in order to be above the tree line to reduce interference. This is a one-time cost and the estimated life span of the new tower is 30 to 50 years.

- The Budget includes \$250,000 in RICAP funds in FY2023 to fund a feasibility study of warehouses, to determine whether it is necessary to construct a new structure or remodel the current facility for the structure that is currently used to store the RISON communications equipment, vehicles, and support staff.

Department of Public Safety

Expenditures by Program	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Enacted	Final	Enacted		Enacted	Enacted	
Central Management	\$8.6	\$31.0	\$21.8	(\$9.2)	-29.7%	\$33.3	\$2.4	7.7%
E-911	7.1	8.5	8.8	0.3	4.0%	9.3	0.8	9.5%
Municipal Police Training	0.6	0.9	0.8	(0.1)	-6.0%	0.7	(0.2)	-22.6%
Security Services	25.5	29.9	27.0	(2.8)	-9.4%	30.3	0.4	1.5%
State Police	87.6	117.8	117.7	(0.1)	-0.1%	116.1	(1.7)	-1.5%
Total	\$129.3	\$188.0	\$176.2	(\$11.8)	-6.3%	\$189.7	\$1.7	0.9%

Expenditures by Source								
General Revenue	\$99.8	\$136.3	\$119.2	(\$17.1)	-12.6%	\$137.0	\$0.7	0.5%
Federal Funds	15.9	21.4	29.7	8.3	38.9%	24.2	2.8	13.1%
Restricted Receipts	5.8	20.7	17.2	(3.5)	-17.1%	18.2	(2.6)	-12.3%
Other Funds	7.9	9.6	10.1	0.5	5.4%	10.4	0.8	7.9%
Total	\$129.3	\$188.0	\$176.2	(\$11.8)	-6.3%	\$189.7	\$1.7	0.9%

Authorized FTE Levels	628.6	632.2	632.2	-	-	632.2	-	-
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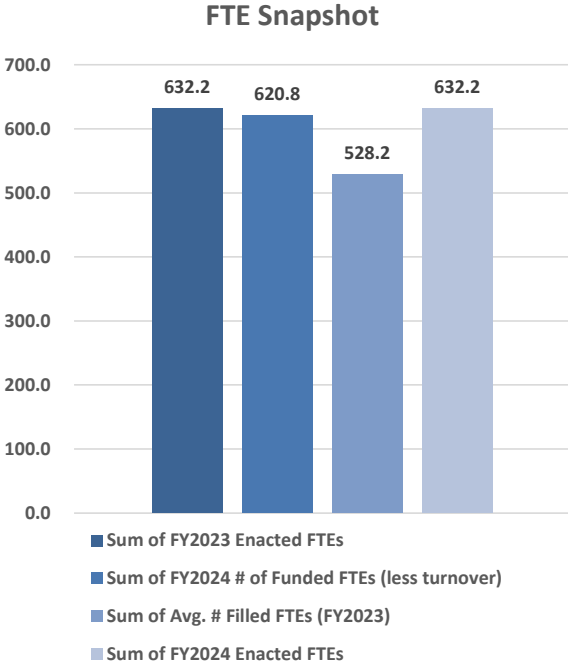
\$ in millions. Totals may vary due to rounding

The Department of Public Safety (DPS) is the principal agency of the executive branch charged with law enforcement functions. It includes five program areas, including Central Management, E-911, the Municipal Police Training Academy, Security Services, and the State Police. The Department was created in the FY2009 Budget and is headed by the Superintendent of the State Police.

MAJOR ISSUES AND TRENDS

The FY2023 Final Budget provides \$176.2 million to fund the operations of the Department of Public Safety, reflecting a decrease of \$11.8 million or 6.3 percent from the FY2023 Enacted Budget. The Budget includes \$119.2 million in general revenue, a decrease of \$17.1 million or 12.6 percent from the FY2023 Enacted level. The decrease is largely related to a \$13.5 million general revenue shift to FY2024 for the body-worn camera initiative. Additionally, the Budget includes \$29.7 million in federal funds, reflecting an \$8.3 million or 38.9 percent increase from the \$21.4 million provided by the FY2023 Budget as Enacted.

The FY2024 Budget provides \$189.7 million in all funds, reflecting an increase of \$1.7 million, or 0.9 percent from the FY2023 Budget as Enacted. The Budget includes \$137.0 million in general revenue, exhibiting an increase of \$708,259 from the FY2023 Enacted Budget. Additionally, the Budget includes \$24.2 million in federal funds, reflecting a \$2.8 million, or 13.1 percent increase from the FY2023 enacted level.



The Budget authorizes a total of 632.2 FTE positions in FY2023 and FY2024, consistent with the enacted level.

Major budget initiatives within the Department include:

- **ARPA SFRF: Support for Child and Adult Survivors of Domestic Violence and Sexual Assault:** The Budget includes a total of \$10.5 million in American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF), including \$7.0 million in FY2024 to fund grants for programs that support the mental health and physical safety of victims of domestic violence and sexual assault.
- **Trainee Trooper Salary Increase:** The Budget provides \$341,729 in general revenue to increase the salary of Trainee Troopers who are enrolled in the State Police Training Academy. Trainee Troopers currently receive biweekly installments of \$1,300, which will increase by \$500, to \$1,800.
- **Drug Recognition Expert Training:** The Budget includes \$153,000 in general revenue to fund Drug Recognition Expert Training for an additional 15 State Troopers, which will provide the State with a total of 23 Drug Recognition Experts. Due to the recent legalization of cannabis for recreational use, the Department indicates that an increase in Drug Recognition Experts will allow the State Police to accurately determine if motor vehicle drivers are driving impaired.
- **Training Academy:** The Budget provides \$1.4 million in Rhode Island Capital Plan (RICAP) funds to support upgrades at the State Police Training Academy in Foster. The upgrades include replacing the roofs of the training academy and fitness barn, installing an electronic security gate, and the administration of an emergency vehicle operators course feasibility study.

CENTRAL MANAGEMENT

The Central Management program consists of the Business Office, Legal Office, and Public Safety Grants Administration Office (formerly Governor’s Justice Commission). The Business Office provides fiscal oversight for the Department, as well as human resources, payroll, and purchasing. The Public Safety Grants Administration Office serves as a conduit agency for a number of federal grants that flow to local and state public safety agencies. Grant administration includes both formula and discretionary grant programs.

Central Management	General Revenue
FY2023 Enacted	\$16,437,445
<i>Target and Other Adjustments</i>	<i>(26,600)</i>
Body-worn Camera Project	(1,500,000)
Personnel Salary and Benefit Adjustment	(60,599)
Centralized Services (statewide adjustments)	16,352
FY2024 Enacted	\$14,866,598

Central Management	Other Fund Changes
ARPA SFRF: Support for Survivors of Domestic Violence (federal funds)	\$3,500,000

Body-worn Camera Project

(\$1.5 million)

The Budget shifts \$13.5 million in general revenue from FY2023 to FY2024 for the Body-Worn Camera Project, reflecting the Department’s updated expenditure plan. The FY2023 Budget as Enacted appropriated \$15.0 million for state and municipal police to purchase body-worn cameras and associated equipment, contingent on the creation of the initiative’s rules and regulations. The rules and regulations took effect on October 19, 2022, and departments began implementing the changes. The Budget shifts \$13.5 million of the \$15.0 million total to FY2024 and directs any unspent funds be re-appropriated to FY2024.

In 2021, the General Assembly authorized a statewide program to put body-worn cameras on every frontline police officer and supervisor in Rhode Island. The statewide program is designed to equip approximately 1,700 of Rhode Island’s uniformed patrol officers - across every municipal police department and the Rhode Island State Police - with body-worn cameras. The State Police will acquire 155 body-worn cameras as well as vehicle camera equipment. The funding was initially appropriated for FY2022 but was unspent and reallocated to FY2023.

From July 1, 2022, through June 30, 2023, the Department indicates that they purchased 1,333 body-worn cameras, disbursed \$2.0 million, and completed 1,554 hours of training. \$1.1 million of the \$2.0 million disbursed was general revenue and the remaining \$887,062 consisted of federal funds.

Personnel Salary and Benefit Adjustment (\$60,599)

The Budget provides \$1.2 million in general revenue for personnel within the Central Management program, reflecting \$60,599 in savings when compared to the FY2023 Enacted Budget. The adjustment is primarily related to a reallocation of personnel. The following table illustrates the decrease.

	FY2023	FY2024	
Salary and Benefit Adjustment	Enacted	Enacted	Change
Salaries	776,451	\$725,134	(\$51,317)
Benefits	455,694	448,460	(7,234)
Purchased Services	70,000	70,000	-
Statewide Benefit Assessment	30,540	28,492	(2,048)
Total	1,332,685	\$1,272,086	(\$60,599)

ARPA SFRF: Support for Survivors of Domestic Violence (federal funds) \$3.5 million

The Budget provides \$7.0 million of SFRF in FY2024, an increase of \$3.5 million from the FY2023 Budget as Enacted, to fund grants to programs that support both the mental health and physical safety of victims of domestic violence and sexual assault. The FY2023 Budget as Enacted provided \$3.5 million for FY2023, FY2024, and FY2025, reflecting a total appropriation of \$10.5 million. The FY2024 Budget as Enacted advances the FY2025 funds to FY2024, in order to remain compliant with U.S. Treasury requirements. The total appropriation of \$10.5 million remains unchanged.

Support for Survivors of Domestic Violence				
Source	FY2023	FY2024	FY2025	Total
ARPA SFRF	\$3.5	\$7.0	-	\$10.5
Total	\$3.5	\$7.0	-	\$10.5

\$ in millions

Background: Rhode Island serves domestic violence and sexual assault survivors through a network of non-profit agencies that are largely supported with public funding. These organizations provide various types of assistance including safe housing, wraparound services, counseling, trauma-related mental health, and other supports to victims. Primary agencies include Day One, the Aubin Center at Rhode Island Hospital, Sojourner House, members of the Rhode Island Coalition Against Domestic Violence, and other community agencies.

According to DPS, demand for services for survivors of domestic violence and sexual assault regularly surpasses the ability of the provider system to meet it. The pandemic significantly exacerbated this demand. Extensive waitlists exist for supportive housing and mental health services. DPS notes for instance, that domestic violence calls to RI Victims of Crime hotline in July and August 2020, increased year-over-year by 93.7 percent and 69.5 percent, respectively.

The State's primary program addressing victims of domestic violence and sexual assault is the Victims of Crime Act Grant (VOCA), a federal formula grant that is funded by the US Department of Justice. VOCA funds have decreased in recent years due to changes in federal settlement agreements.

SFRF Initiative: In order to address gaps in funding and services that support the mental health and physical safety of victims, the State has implemented a new grant program that complements the VOCA program. The program receives \$3.5 million in SFRF funds in FY2023 and \$7.0 million in FY2024, for a total of \$10.5 million.

E-911

The objective of the E-911 Uniform Emergency Telephone System is to maintain a statewide emergency telephone system providing prompt transfers of E-911 calls to the appropriate responding fire department, medical rescue service, or law enforcement agency. The Division operates 24 hours a day, 7 days a week. E-911 has a primary public safety answering point (PSAP) located in the State Police Headquarters complex in North Scituate, as well as a secondary PSAP in North Providence. Backup PSAP facilities are considered best management practices to provide service continuity if an emergency affects the primary PSAP. Article 2 of the FY2020 Budget as Enacted provided a dedicated funding stream for E-911 services by shifting all E-911 surcharge fee revenue from general revenue to a restricted receipt account, the E-911 Fund.

E-911	Other Fund Changes
FY2023 Enacted	\$8,468,710
<i>Target and Other Adjustments</i>	
Communication System Expense (restricted receipts)	57,617
Personnel Salary and Benefit Adjustment (restricted receipts)	375,375
Centralized Services (statewide adjustments) (restricted receipts)	351,489
Next Generation 911	16,352
Surcharge Revenue and Fund Balance	Informational
FY2024 Enacted	\$9,269,543

Communication System Expenses (restricted receipts) \$375,375

The Budget provides \$1.4 million in restricted receipts for expenses associated with the E-911 communication system, reflecting an increase of \$375,375 from the FY2023 Budget as Enacted. The Department is currently upgrading the INdigital's Next-Gen i3 optical fiber network as well as replacing four laser projectors that are continuously used within the Public Safety Answering Point System.

Personnel Salary and Benefit Adjustment (restricted receipts) \$351,489

The Budget provides \$6.7 million in restricted receipts for personnel within the E-911 Program, reflecting an increase of \$351,489 from the FY2023 Enacted Budget. The adjustment is primarily related to current service agreements and includes an increase of \$392,122 in salaries offset by a \$40,633 savings in benefits. The following table illustrates the increase.

Personnel Salary and Benefit Adjustment	FY2023 Enacted	FY2024 Enacted	Change
Salaries	\$3,698,953	\$4,091,075	\$392,122
Benefits	2,556,579	2,507,408	(49,171)
Statewide Benefit Assesment	139,243	147,781	8,538
Total	\$6,394,775	\$6,746,264	\$351,489

Next Generation 911**Informational**

Over the past several years, the State's E-911 system has been transitioning from an analog-based technology to a digital platform. The two E-911 call center hubs, known as public safety answering points (PSAPs), completed the installation and testing of new Next Generation 911 (NG911) digital routers in 2018 and staff have been trained on how to use the technology. NG911 enables these telecommunicators to utilize data-rich information such as geographic information systems and pictometry data, to more accurately identify an individual's location and direct first responders more quickly.

According to the Department, the success and reliability of E-911 has greatly improved with the implementation of NG911 and will enhance emergency services going forward by creating a faster, more resilient system that will facilitate the integration of more advanced methods of emergency communication in the future. For example, NG911 enabled the launch of Text-to-911 in February 2019. This service provides the public with the ability to text 911 in the event a voice call is not possible or safe. NG911 will also support Rapid SOS, a new technology that provides more accurate location information from wireless callers, which will enable Rhode Island to more effectively meet federal cybersecurity standards. NG911 is enabling a five-year project to update its entire Geographic Information Systems (GIS) data map, using pictometry imagery that provides a 45-degree angle overhead image in addition to straight overhead images.

Rhode Island is the last state in New England that utilizes a copper wire telephone system. According to the DPS, the Division will continue to migrate its systems away from the use of copper phone lines for the inbound and outbound networks and move towards internet protocol (IP) data transmission using INdigital technology, which will make the agency compliant with federal NG911 regulations, improve system reliability by reducing points of failure, and provide built-in resiliency and redundancy in the event the system is compromised. The agency will also be installing Guardian Responder IP phones at each dispatch location to enable the agency to transfer call data to local municipalities.

The project has begun and the equipment and supplies have both arrived. The Department anticipates completion occurring in the Summer of FY2024

Surcharge Revenue and Fund Balance**Informational**

The FY2020 Budget as Enacted reconfigured the telecommunication surcharges that support emergency services and first response programs, including the E-911 program. Previously, there was a \$1.00 emergency services and first response surcharge on wireline, wireless, and prepaid telecommunication services and an additional \$0.26 technology surcharge on just wireless services. 90.0 percent of the revenue from the \$1.00 surcharge was deposited as general revenue with the balance placed into the State's Information Technology Investment Fund. The \$0.26 surcharge was deposited into a restricted receipt account to support State geographic information system (GIS) and other technology improvements.

Article 2 of the FY2020 Budget as Enacted eliminated both of these surcharges and established two new ones. A new \$0.50 E-911 surcharge was established to support the E-911 program. Revenue from the surcharge is deposited into a dedicated restricted receipt account within the Department of Public Safety (DPS) explicitly reserved to support the E-911 system. A first response surcharge was also established to support first responder services across the State. The surcharge amount varies by telecommunication type and ranges from \$0.50 to \$0.75. The revenue from this surcharge is deposited as general revenue, with 10.0 percent of the funds collected transferred to the Information Technology Investment Fund (ITIF).

In FY2024, \$11.0 million is projected to be collected from the First Response Surcharge, \$1.1 million of which will be deposited into the ITIF, and the remaining \$10.0 million will be transferred to the general fund. Additionally, \$8.1 million is projected to be collected as E-911 restricted receipts. The following table illustrates the fund's revenues, expenditures, and transfers from FY2010 through FY2024. The expenditures in FY2023 reflect the FY2023 Enacted Budget.

E-911 Surcharge and First Response Surcharge Revenues vs. Expenditures

Fiscal Year	E911				Deposit to ITIF	Net to General Fund
	E-911 Surcharge	First Response Surcharge	Restricted Receipts	E-911 Expenditures		
2010	\$17,898,223	-	-	\$4,635,901	-	\$13,262,322
2011	17,248,460	-	-	4,829,770	-	12,418,690
2012	17,255,770	-	-	4,766,586	-	12,489,185
2013	17,507,117	-	-	5,103,735	-	12,403,382
2014	17,454,670	-	-	5,444,296	-	9,798,629
2015	17,640,703	-	-	5,320,615	-	12,320,088
2016	18,130,694	-	-	5,499,050	1,480,947	11,150,697
2017	18,280,846	-	-	5,699,440	1,435,310	11,146,096
2018	18,660,771	-	-	5,894,522	1,588,357	11,177,893
2019	18,886,107	-	-	5,899,730	1,545,323	11,441,053
2020	4,598,771	6,922,020	5,242,464	6,519,118	1,181,109	9,063,027
2021	4,182	10,451,821	8,329,344	7,197,039	1,045,535	9,406,285
2022	31,897	10,625,484	8,080,045	7,106,599	1,062,497	9,562,987
2023*	-	10,816,709	7,897,162	8,809,580	1,081,671	9,735,038
2024*		11,071,492	8,086,501	9,269,543	1,107,149	9,964,343

Source: ORA and Budget Office, August 11, 2023

MUNICIPAL POLICE TRAINING ACADEMY

The Rhode Island Municipal Police Training Academy was established in 1969 and assigned to train and certify municipal law enforcement officers for all municipalities except for the City of Providence. Municipalities do not pay to send recruits to the Academy, but they do provide in-kind services including officer time to teach courses and meeting and firing range space. Recruits are paid by municipalities for their time spent at the Academy. Since the first training class in 1970, the Academy has graduated 114 classes. The Academy runs two to three classes and 80 to 100 professional development workshops annually. Since 1981, the Academy has been located at the Community College of Rhode Island (CCRI) Flanagan Campus in the Town of Lincoln.

Municipal Police Training Academy	General Revenue
FY2023 Enacted	\$281,456
<i>Target and Other Adjustments</i>	<i>(2,764)</i>
Personnel Salary and Benefit Adjustment	11,674
FY2024 Enacted	\$290,366

Personnel Salary and Benefit Adjustment**\$11,674**

The Budget includes \$223,729 in general revenue to support the salary and benefits of personnel within the Municipal Police Training Academy program, reflecting an increase of \$11,674 from the FY2023 Budget as Enacted. The increase includes \$7,291 for salaries and \$4,159 for benefits. The following table displays the increase.

Salary and Benefit Adjustment	FY2023 Enacted	FY2024 Enacted	Change
Salaries	\$131,250	\$138,541	\$7,291
Benefits	75,770	79,929	4,159
Statewide Benefit Assessment	5,035	5,259	224
Miscellaneous	900	900	-
Total	\$212,955	\$223,729	\$11,674

SECURITY SERVICES

The Security Services program consists of the Capitol Police and the Division of Sheriffs. The Capitol Police have arrest powers and provide security at 13 State buildings, including the State House, the courthouses, and numerous executive branch facilities. The Sheriffs are responsible for statewide activities assigned by law which relate to the duties and functions of the sheriffs in several counties. The Division is responsible for courtroom security, judicial security, cellblock security, transportation of individuals charged with crimes, interstate prisoner extraditions, and service of process.

Security Services	General Revenue
FY2023 Enacted	\$29,858,676
<i>Target and Other Adjustments</i>	<i>(88,622)</i>
Personnel Salary and Benefit Adjustment	523,257
FY2024 Enacted	\$30,293,311

Personnel Salary and Benefit Adjustments **\$523,257**

The Budget provides \$26.9 million in general revenue to support the salary and benefits of personnel within the Security Services Program, reflecting an increase of \$523,257 from the FY2023 Budget as Enacted. The increase includes \$277,146 for the Capitol Police and \$246,111 for the Sheriffs. The following table illustrates the increase.

Capitol Police	FY2023 Enacted	FY2024 Enacted	Change
Salaries	\$3,320,988	\$3,447,294	\$126,306
Benefits	1,671,803	1,830,925	159,122
Statewide Benefit Assessment	49,781	53,674	3,893
Purchased Services	30,595	18,420	(12,175)
Subtotal	\$5,073,167	\$5,350,313	\$277,146
Sheriffs	FY2023 Enacted	FY2024 Enacted	Change
Salaries	\$13,073,703	\$13,144,890	\$71,187
Benefits	7,923,856	8,177,337	253,481
Statewide Benefit Assessment	243,572	242,815	(757)
Purchased Services	77,800	75,900	(1,900)
Subtotal	\$21,318,931	\$21,565,042	\$246,111
Total	\$26,392,098	\$26,915,355	\$523,257

STATE POLICE

The Rhode Island State Police are a uniformed and investigative law enforcement agency with statewide jurisdiction. The agency is organized into three bureaus: the Administrative Bureau, Uniform Bureau, and Detective Bureau. The Administrative Bureau consists of both sworn command staff and civilian personnel

and provides overall management and support. The Uniform Bureau is responsible for preventing crime and investigating criminal and noncriminal activities. The Uniform Bureau also establishes highway safety through the enforcement of motor vehicle laws with emphasis on hazardous moving violations, i.e. drunk driving and speeding. The Detective Bureau is the primary investigative unit that helps the Attorney General's Office and other agencies in investigating organized and white-collar crime and provides support to police agencies throughout the State.

State Police	General Revenue
FY2023 Enacted	\$89,727,365
<i>Target and Other Adjustments</i>	
Centralized Services (statewide adjustments)	581,282
Vehicles	708,840
Trainee Trooper Salary and Meal Reimbursement	(618,000)
Drug Recognition Expert Training	341,729
Digital Forensic Analyst	153,000
Civilian Fleet Operations Manager	147,850
Job Task Analysis	124,770
Professional Development and Wellness Programs	100,000
Aquidneck Island Study	100,000
Body-Worn Cameras and Vehicle Camera System	87,590
Community Diversity and Equity Unit	8,500
FY2024 Enacted	\$91,562,926

Vehicles **(\$618,000)**

The Budget includes a \$618,000 general revenue savings related to the elimination of loan repayments on 43 police vehicles for the Patrol Division. The FY2023 Final Budget authorizes the repurposing of \$1.8 million in agency surplus funds to outright purchase 43 police vehicles as opposed to utilizing the State Fleet Revolving Loan Fund and financing over time. The Department requested this initiative due to the recently experienced economic uncertainty.

Trainee Trooper Salary and Meal Reimbursement **\$341,729**

The Budget increases general revenue by \$341,729 to reflect a pay increase for Trainee Troopers enrolled in the State Police Training Academy. Trainee Troopers were previously paid \$1,300 in biweekly installments and the FY2024 Budget as Enacted increases their pay to \$1,800, in order to remain competitive in recruitment efforts. The Department currently expends \$888,496 for the salary and benefits of a 40-person State Police Academy and the compensation increase requires an additional \$341,729.

Additionally, Rhode Island law currently requires individuals enrolled in the State Police and Municipal Training Academies to reimburse the State for the cost of meals consumed while attending. Rhode Island is the only state in New England that requires this reimbursement, and the Department of Public Safety believes rescinding it will allow for the recruitment of a stronger candidate pool. The Budget accounts for this change in Article 3, which would result in an \$88,800 loss in general revenue from State Trooper Trainees. Of note, the article strikes the meal reimbursement requirement for both State Police and Municipal Police trainees; however, according to the Department, municipal police trainees are not currently reimbursing the State so there is no fiscal impact associated with that portion of the amendment.

Drug Recognition Expert Training **\$153,000**

The Budget includes \$153,000 in general revenue to support the training of 15 additional Drug Recognition Experts (DRE) for the Patrol Division, providing the Department with a total of 23 DREs. Due to the recent

legalization of recreational cannabis, the Department indicates an increase in DREs is necessary to accurately determine if motorists are driving impaired. The training process for DRE candidates totals 120 hours and includes both classroom and practical training. The Department will need to fill eleven 13-hour shifts via overtime for each candidate, equating to a total of 143 hours per candidate. With an average overtime rate of \$66.00 per hour, the Department indicates a total cost of \$141,000 for the certification of 15 troopers. The Budget also includes \$12,000 for annual recertifications of the Drug Recognition Experts.

Additionally, the Department of Public Safety added a new performance measure for FY2024, related to the initiative, that tracks the number of DRE examinations that Troopers complete each fiscal year.

Digital Forensic Analyst

\$147,850

The Budget includes \$147,850 in general revenue to support the salary and benefits for 1.0 FTE civilian Digital Forensic Analyst position in the Detective Division. The position will address the current 10-month backlog of electronic device forensic examinations and will be responsible for examining phones, tablets, as well as computers, and other devices. The majority of backlogged cases involve the sexual abuse of children, with recent forensic examinations having identified multiple child molesters. The State Police Computer Crimes Unit's forensic lab serves as the primary digital forensic lab for the State and conducted hundreds of forensic examinations last year. The lab currently employs one forensic analyst who also serves as the lab and evidence manager. The Department indicates that an additional civilian analyst will allow sworn members to return to their primary responsibilities of preventing crime and upholding the rule of law. The Budget does not authorize an additional FTE position for this initiative, but instead utilizes existing FTEs.

Civilian Fleet Operations Manager

\$124,770

The Budget includes \$124,770 in general revenue to support the salary and benefits of 1.0 FTE Fleet Operations Officer to oversee the Department's 384 vehicles, which include trailers, maintenance, and off-road vehicles. The new position will be filled by a civilian employee, as opposed to a Sergeant, who is currently filling the role. There have been 3 different Sergeants assigned to this position over the past 3 years and the addition of a civilian employee will ensure that future Sergeants will be assigned operational roles that better serve the needs of the Department. The Budget does not authorize an additional FTE position for this initiative, but instead utilizes existing FTEs.

Job Task Analysis

\$100,000

The Budget includes \$100,000 of general revenue in FY2024 for the creation of a new Job Task Analysis (JTA), which is completed through a contracted vendor and provides decision-makers and law enforcement personnel up-to-date information pertaining to the primary responsibilities of police officers in Rhode Island. The JTA serves as the basis for the curriculum of the Rhode Island State Police Training Academy as well as the Municipal Police Training Academy. The most recent JTA was completed in 2009 and the International Association of Directors of Law Enforcement Standards and Training (IADLEST) recommends a new JTA every five to seven years. The Department indicates that a new JTA will identify current job functions, analyze both academy and continuing education curricula, develop new curricula, and develop new testing questions for future law enforcement written tests. The Department anticipates the JTA process will take approximately one year and will commence immediately after approval and the selection of the contracted vendor. FY2023 Final Budget includes an additional \$50,000 of general revenue for the initiative.

Professional Development and Wellness Programs

\$100,000

The Budget includes \$100,000 of general revenue in FY2024 to support the creation of two programs, a Professional Development program and an Officer Wellness program. The programs will provide mental, emotional, stress management, and resiliency training, as well as nutrition, family support, and health screenings for personnel. The Department indicates that a securely funded professional development program will provide necessary training to Division members in specialty fields in order to keep them

proficient within their changing discipline, as well as allow for members to cross-train in other units. The Department further indicates that the wellness program will improve morale and general health in the Division as well as increase positive community interactions and trust. The FY2023 Final Budget includes an additional \$100,000 of general revenue for this initiative.

Aquidneck Island Study

\$100,000

The Budget includes \$100,000 of general revenue for a feasibility study to examine the appropriate amount of State Police presence on Aquidneck Island. The Department had requested funding to rehabilitate the former Portsmouth Barracks but through the architectural and engineering process, it was found that the rehabilitation would require additional funding. The Budget therefore provides funding to determine the appropriate level of State Police presence in the area, before authorizing additional funds for the Portsmouth Barracks.

Body-Worn Cameras and Vehicle Camera System

\$87,590

The Budget includes an additional \$87,590 of general revenue for the continued support of the body-worn camera and vehicle program. The funds will address the funding gap between federal funding and Statewide program limits and the purchased cameras. The federal funding and Statewide program limit funding to \$1,750 per camera, while the actual cost per camera is \$2,057. The Budget provides the \$47,590 difference as well as \$40,000 for annual training expenditures.

Community, Diversity, and Equity Unit

\$85,000

The Budget provides \$85,000 in general revenue to support the Community, Diversity, and Equity Unit. The funding will be used for overtime costs and programmatic supplies for State Troopers to perform community outreach to strengthen ties with the communities they serve. The Department indicates that the funding will also be used to increase recruitment efforts in order to garner a more diverse candidate pool. The FY2023 Final Budget includes an additional \$105,000 of general revenue for this initiative.

CAPITAL PLAN PROJECTS

The Budget includes a total of \$14.2 million for Rhode Island Capital Plan (RICAP) Fund projects in FY2024, reflecting a decrease of \$3.1 million from the FY2023 Budget as Enacted.

	FY2023	FY2024	Change to	5 Year	
Capital Projects	Enacted	Enacted	Enacted	Project Total	Project Total
Asset Protection	\$1,000,000	\$2,053,000	\$1,053,000	\$5,165,000	\$8,444,697
Headquarters Roof Replacement*	-	-	-	-	384,836
Portsmouth Barracks	1,650,000	-	(1,650,000)	4,335,000	77,697
Microwave System Replacement	230,929	249,754	18,825	749,262	1,211,120
Southern Barracks	13,000,000	10,465,719	(2,534,281)	20,628,109	30,500,000
Training Academy Upgrades	1,386,380	1,400,000	13,620	6,255,757	6,255,757
Total	\$17,267,309	\$14,168,473	(\$3,098,836)	\$37,133,128	\$46,874,107

* The funding for the Headquarters Roof Replacement project is a reappropriation of funds from FY2022

- **Asset Protection:** The Budget provides \$5.2 million in RICAP funds through FY2028, including \$2.1 million in FY2024, to finance the maintenance of various facilities throughout the Department, reflecting a \$1.1 million increase from the FY2023 Budget as Enacted. Asset protection projects in FY2024 include upgrades to the communications towers at Chopmist, Dawley Park, and the Department Headquarters, as well as renovations to the Administrative Support Building. Additionally, the FY2023 Final Budget provides \$1.7 million for asset protection projects.
- **Headquarters Roof Replacement:** The Budget does not provide funding for the Headquarters Roof Replacement project in FY2024 but includes \$384,836 of RICAP funds in the FY2023 Final Budget.

The funding is a reappropriation of funds from FY2022 and the balance will be utilized to remedy leaks in the roof and gutter system.

- **Portsmouth Barracks:** The Budget removes funding for the Portsmouth Barracks project in both the FY2023 Final Budget and the FY2024 Enacted Budget. Architectural and engineering services uncovered additional issues that need to be addressed such as compliance with environmental, safety and building codes, accessibility issues, historical preservation requirements, as well as water infiltration of the facility. The Budget instead, funds a feasibility study to determine the appropriate State Police presence on Aquidneck Island and will provide further funding based upon the assessment.
- **Microwave System Replacement:** The Budget authorizes \$1.2 million in RICAP spending from FY2022 through FY2026, including \$249,754 in FY2024, to finance an upgrade to the Department's microwave loop network, a statewide 6 GHz digital network comprised of five microwave hops connecting key radio transmission sites and facilities throughout the State. This microwave loop network provides critical data links for the Rhode Island Statewide Communications Network (RISCON) 800Mhz radio network. The RISCON radio network, managed by the Rhode Island Emergency Management Agency (RIEMA), is the primary radio communications platform for over ten thousand first responders, the Rhode Island Department of Transportation (RIDOT), the Rhode Island Public Transit Authority (RIPTA), and numerous other State and local agencies that provide essential services throughout the state.
- **Southern Barracks:** The Budget provides \$30.5 million in total RICAP funds through FY2025, including \$10.5 million in FY2024, for a new State Police barracks to be located in West Greenwich. In 2018, the Department of Public Safety initiated a comprehensive planning review and feasibility study related to the Rhode Island State Police (RISP) barracks facilities located in Wickford, Hope Valley, and Portsmouth. The review and study were completed in the Fall of 2019 and were coordinated by a master planning committee consisting of members of the RISP, representatives from the Department of Administration, and an architectural and engineering design firm. The committee found that the existing three barracks, which were built in the 1930s, do not meet the modern public safety and policing requirements of the State Police. It was originally determined that it is not feasible to renovate each of the existing structures and therefore is necessary to build a new, combined barracks in the southern part of the State. The preferred location, which remains subject to Federal Highway Administration and RI Department of Transportation approval, is a parcel of land located off Route 95 at Exit 7 in West Greenwich. Upon completion, the Department plans to decommission the assets and revert ownership of the Wickford and Hope Valley barracks to the Department of Administration. The Department anticipates the project to be completed in FY2025.

Analyst Note: The Department indicated during their Senate Finance Committee Hearing on May 9, 2023, that the new estimated project cost is \$49.1 million, reflecting an increase of \$18.6 million than currently authorized. The increase is due to inflation, which has increased by 37.8 percent since the Schematic Design, as well as the inclusion of geothermal energy sources for compliance with the Green Building Act and the Act on Climate. The scope of the project is currently under review for potential downsizing options to reduce costs.

- **Training Academy Upgrades:** The Budget provides \$6.3 million in total RICAP funds through FY2028, including \$1.4 million in FY2024, to support improvements at the State Police Training Academy in Foster. The project began in 2018, with \$491,649 spent before FY2023. Improvements in FY2024 include replacing the roofs of the training academy and fitness barn, upgrades to the training academy's classroom, the resurfacing of the facility's main roadway, and the administration of an emergency vehicle operators course feasibility study. Additionally, the project will address environmental and safety renovations to the firing range; replacement of the HVAC system, roof, windows, and electrical systems; installation of an electronic security gate, and the replacement of security fencing.

Office of the Public Defender

Expenditures by Program	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Enacted	Final	Enacted	Enacted	Enacted	Enacted	Enacted
Central Management	\$13.6	\$14.8	\$14.4	(\$0.4)	-2.6%	\$15.8	\$1.0	6.9%
Expenditures by Source								
General Revenue	\$13.5	\$14.7	\$14.3	(\$0.4)	-2.8%	\$15.7	\$1.0	6.7%
Federal Funds	0.0	0.1	0.1	0.0	45.7%	0.1	0.0	53.3%
Total	\$13.6	\$14.8	\$14.4	(\$0.4)	-2.6%	\$15.8	\$1.0	6.9%
Authorized FTE Levels	99.0	100.0	100.0	-	-	104.0	4.0	4.0%

\$ in millions. Totals may vary due to rounding

The Office of the Public Defender represents indigent adults and juveniles who are charged with criminal offenses or who are in jeopardy of losing custody of their children to the State. Referrals come from the Supreme, Superior, District and Family Courts. All who are financially eligible are assigned to a staff attorney for representation in the appropriate court. The main office and two branch locations are located in Providence. Three additional offices are located in the southern half of the state. The metropolitan areas of Providence and Newport account for the bulk of the cases. The Office includes four basic divisions of attorneys: appellate, criminal trial (including separate felony and misdemeanor units), juvenile, and parental rights. The Public Defender is appointed by the Governor to a six-year term, with the advice and consent of the Senate.

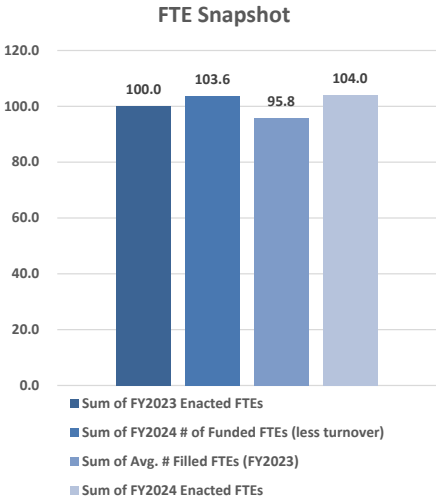
MAJOR ISSUES AND TRENDS

The Office of the Public Defender is funded almost entirely by general revenue (99.4 percent). The FY2023 Final Budget provides \$14.4 million in all funds to support the Office, reflecting a decrease of \$379,604 or 2.6 percent from the FY2023 Budget as Enacted. The decrease includes \$400,000 in general revenue turnover savings that was calculated based on updated projections, offset by a \$30,000 increase in federal funds from the John R. Justice Incentive Act.

The FY2024 Budget includes \$15.8 million in all funds, reflecting an increase of \$1.0 million or 6.9 percent from the FY2023 Budget as Enacted. The Budget increases general revenue by \$985,313 (6.9 percent) and federal funds by \$35,000. The general revenue increase relates to an additional 4.0 new FTE Assistant Public Defender IV positions, as well as a salary and benefit adjustment for personnel.

The FY2023 Revised Budget authorizes 100.0 FTE positions consistent with the enacted level. The FY2024 Budget authorizes 104.0 FTE positions, an increase of 4.0 positions from the FY2023 Enacted level. The four newly authorized FTEs are all Assistant Public Defender IV positions and will help to reduce the Office’s caseload.

The Office indicates that it has a caseload crisis and requires additional staff to provide legal representation to the State’s indigent population. According to the American Bar Association’s endorsed ethical misdemeanor caseload limits, the Office should assign each District Court lawyer no more than 400 misdemeanor cases per year. With staffing at the FY2023 enacted level, the Office has assigned attorneys on average, 1,070 cases annually, almost triple the ethical limit. While caseloads have



experienced a reduction due to the COVID-19 pandemic, in FY2022, the Office experienced a 39.0 percent increase in District Court case assignments in comparison to FY2021, and are quickly approaching pre-pandemic assignment levels.

Central Management	General Revenue
FY2023 Enacted	\$14,708,807
<i>Target and Other Adjustments</i>	
4.0 New FTE, Assistant Public Defender IV Positions	30,453
Personnel Salary and Benefit Adjustment	507,148
Paralegal Services	415,030
FY2024 Enacted	\$15,694,120

4.0 New FTE, Assistant Public Defender IV Positions **\$507,148**

The Budget includes \$507,148 in general revenue to support the salary and benefits of 4.0 new Assistant Public Defender IV positions. The salary and benefits for each attorney is \$122,122, and includes \$71,964 for salary and \$50,158 for benefits. Additionally, the Budget includes \$10,660 in parking expenses and \$8,000 in computer equipment for the new positions.

Personnel Salary and Benefit Adjustment **\$415,030**

The Budget includes \$13.6 million in general revenue to support the salary and benefits of previously authorized personnel within the Office of the Public Defender, reflecting an increase of \$415,030 from the FY2023 Budget as Enacted. The increase is primarily associated with the statewide cost-of-living adjustments (COLA) that take effect at the beginning of FY2024 and include \$174,859 for salaries and \$240,171 for benefits.

Paralegal Service **\$32,682**

The Budget includes an additional \$32,682 in general revenue to support temporary paralegal services contracted by the Office. The increase reflects \$30,000 for paralegal services and \$2,682 for the 5.5 percent contractor surcharge.

Department of Environmental Management

Expenditures By Program	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Final	Enacted	Final	Enacted		Enacted	Enacted	
Office of the Director	\$33.4	\$13.1	\$41.8	\$28.6	217.8%	\$13.7	\$0.6	4.4%
Bureau of Natural Resources	60.1	74.7	72.9	(1.7)	-2.3%	79.5	4.8	6.4%
Bureau of Environmental Protection	27.6	34.2	35.3	1.1	3.3%	34.6	0.4	1.2%
Total	\$121.1	\$122.0	\$150.1	\$28.1	23.0%	\$127.8	\$5.8	4.8%
Expenditures By Source								
General Revenue	\$71.0	\$53.1	\$82.7	\$29.6	55.8%	\$58.7	\$5.6	10.5%
Federal Funds	25.2	34.7	34.5	(0.3)	-0.8%	31.1	(3.7)	-10.5%
Restricted Receipts	13.7	17.4	17.6	0.3	1.4%	17.8	0.4	2.4%
Other Funds	11.2	16.8	15.2	(1.6)	-9.3%	20.2	3.5	20.7%
Total	\$121.1	\$122.0	\$150.1	\$28.1	23.0%	\$127.8	\$5.8	4.8%
Authorized FTE Levels	401.0	417.0	417.0	-	0.0%	425.0	8.0	1.9%

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

The Department of Environmental Management (DEM) is responsible for protecting, managing, and restoring the natural resources of the State. The Department is organized into three divisions: the Office of the Director, the Bureau of Natural Resources, and the Bureau of Environmental Protection.

The Department is charged with supervising and controlling the protection, development, planning, and utilization of the natural resources of the state; the promotion of agriculture and animal husbandry; and, providing for the maintenance of waterways and boating facilities.

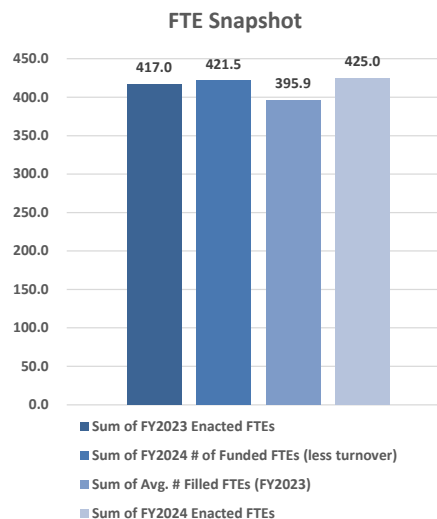
MAJOR ISSUES AND TRENDS

The FY2024 Budget includes an all funds increase of \$5.8 million, or 4.8 percent from the FY2023 Budget as Enacted. The Budget includes a \$5.6 million (10.5 percent) increase in general revenue expenditures, including \$2.5 million for farmland preservation, an increase of \$500,000 in grant funding for the Local Agriculture and Seafood Act (LASA) program, \$150,000 for Marine Mammal Emergency Response, \$100,000 for non-native plant removal in 100 Acre Pond, \$100,000 for a new LitterFree initiative, and an additional \$50,000 for Conservation districts. The decrease in federal funds is due to the “right-sizing” of the federal funds appropriation to more closely match expenditure projections, and the close-out of some grant programs.

The net increase in restricted receipts of \$410,815 is primarily due to Orsted funding research at DEM as part of the Revolution Wind project and an additional \$35,000 for abandoned vessel removal. The Orsted funding provides \$393,580 in FY2024 and \$430,751 in FY2023. The net increase in other funds is primarily due to increased investment for electrical upgrades at the Newport Piers and Chase Marina in Tiverton, and project delays at Galilee Piers pushing funding from FY2023 into FY2024.

The FY2023 Revised Budget includes an increase of \$28.5 million in general revenue from FY2022 surplus funds for transfer to the Rhode Island Infrastructure Bank (RIIB) to provide the state match for the Clean Water State Revolving Funds and the Drinking Water State Revolving Fund through FY2028.

The Budget authorizes 425.0 FTE positions in FY2024, an increase of 8.0 FTE positions from the FY2023 Budget as Enacted, and 417.0 FTE positions in FY2023, consistent with the enacted level. DEM requested 27.0 new FTE positions for FY2024. Based on the June 16, 2023, FTE report, DEM has 19.0 vacancies, according to DEM, they are filling positions quickly. The 8.0 new FTE positions provided are federally funded and will support new initiatives to address environmental protection, wildlife conservation, environmental justice, and climate change. Also requested, but not included in the Budget are 2.0 new Environmental Police Officers. Staffing in the Division of Law Enforcement has declined over the past decade despite increased visitation to facilities, expansion of DEM properties, and increased call volume and law enforcement responses. The addition of these positions would allow for a permanent presence at facilities during the peak summer season.



OFFICE OF THE DIRECTOR

The Office of the Director includes the Office of Management Services, Legal Services, Administrative Adjudication, and the two central service offices of Human Resources and Information Technology. The Office is responsible for developing and implementing programs to protect the State’s environment, protect citizens from public health threats resulting from pollution, and provide facilities that support outdoor recreational activities.

Office of the Director	General Revenue
FY2023 Enacted	\$8,957,872
<hr/>	
Target and Other Adjustments	119,780
Litter Free Rhody Initiative	100,000
Conservation Districts	50,000
FY2024 Enacted	\$9,227,652

Litter Free Rhody Initiative \$100,000

The Budget includes \$100,000 in general revenue for a new program, Litter-Free Rhody, to encourage community involvement in the removal of trash and litter from state parks, beaches, and management areas. According to information received from the Governor’s Office, the funds will be used for the following:

- Provide small grants to organizations conducting environmental clean ups and doing work to address litter in Rhode Island;
- Sustain existing Litter-Free RI efforts, such as maintaining the website and outreach/clean up events; and,
- Marketing to raise awareness about the impact of litter and continue the Keep Rhody Litter Free statewide anti-littering campaign

Analyst Note: It is unclear what website and outreach/cleanup events would be sustained or how they are currently funded; however, DEM confirmed there is currently no funding for such programs within that budget.

Conservation Districts \$50,000

The Budget provides an additional \$50,000 (\$100,000 total) to line-item grant award for the Conservation Districts. The Districts are not-for-profit, quasi-public subdivisions of state government, administered by volunteers from the community. The Districts were formally created through statute in 1990 to provide an opportunity for citizens to have a voice in shaping soil and water resource planning in their communities.

Today, the Districts provide educational and technical assistance to state residents in addressing conservation concerns and providing networking opportunities among local, state, and federal agencies. Recently, the Districts provided free, public education workshops on small forestry operations and on-farm energy options for beginning farmers. The Districts were previously funded through the community service objective grant program; however, when the grant program changed, the grant was not included as a line-item grant award. This Budget restores funding for the statutorily established Conservation Districts.

BUREAU OF NATURAL RESOURCES

The Bureau of Natural Resources is comprised of six divisions which manage the State’s marine, freshwater, and upland resources. The Bureau administers the State’s agriculture programs, state land acquisitions, and local matching grant programs for outdoor recreation. The Bureau is also responsible for enforcing state laws and regulations governing hunting and fishing, public safety in state parks, and recreational boating; and for administering, maintaining, and operating eight state parks, five campgrounds, seven state beaches, a golf course, the East Bay and Blackstone Bike Paths, and 40,000 acres of state-owned forests. Furthermore, the Bureau is responsible for oversight of all land leases and capital assets of port facilities and commercial fishing piers in Narragansett and Newport.

Bureau of Natural Resources	General Revenue
FY2023 Enacted	\$29,057,514
<i>Target and Other Adjustments</i>	<i>1,337,274</i>
<i>Farmland Preservation and Conservation</i>	<i>2,500,000</i>
<i>Forestry Staffing</i>	<i>219,458</i>
<i>Marine Mammal Rescue</i>	<i>150,000</i>
<i>Turnover Restoration</i>	<i>104,405</i>
100 Acre Pond - Non-Native Plant Removal	100,000
Water Safety Programming and Training	85,000
Local Agriculture and Seafood (LASA) Grants	Informational
FY2024 Enacted	\$33,553,651

Farmland Preservation and Conservation \$2.5 million

The Budget includes \$2.5 million in general revenue to re-capitalize the farmland acquisition fund for the purchase and protection of farmland in danger of converting to non-agricultural use. This land is restricted to agricultural use, and either sold or leased to qualified farmers. The proceeds from the sale of the land will be credited back to the account for use in new projects. As of June 19, 2023, \$355,000 in general obligation bond funds remained for farmland preservation and conservation from the general obligation bond approved by voters in 2018.

Forestry Staffing \$219,458

The Budget adds \$219,458 to fund 2.0 FTE forestry staff positions within the existing FTE cap. These positions will improve the stewardship of state management areas, coordinate response to forest fires, and improve the capacity to prevent forest fires. While a major fire has not occurred in the state since the 1950s, Rhode Island averages between 60 and 80 small forest fires per year. Years of drought and invasive species have damaged forests and created conditions conducive to a significant fire.

Marine Mammal Rescue \$150,000

The Budget includes \$150,000 in general revenue and \$350,000 in federal funds (\$500,000 total) to support the rescue and rehabilitation of marine mammals found stranded in Rhode Island waters. The funds will be used as grants to support marine mammal response, data collection, participation in regional large whale injury reduction team activities, improved outreach, enhanced monitoring, analysis of data on the cause of animal stranding and the success of rehabilitation, and the purchase of supplies and equipment for the transport of live and deceased animals.

Turnover Restoration**\$104,405**

Pursuant to a Governor's budget amendment, dated March 14, 2023, the Budget provides an additional \$104,405 in general revenue to replace excess turnover taken in error.

100 Acre Pond – Non-Native Plant Removal**100,000**

The Budget provides \$100,000 in general revenue to address invasive weeds in 100 Acre Pond in South Kingstown. The pond has been impacted by non-native rooted plants, including fanwort and variable-leaf milfoil, for several years resulting in significant drop in dissolved oxygen (DO) levels in the lake and negative impacts on the habitat.

Water Safety Programming and Training**\$85,000**

The Budget includes \$85,000 for DEM to contract with local organizations to provide a water safety curriculum including swimming and small watercraft operation at public facilities across the state.

Local Agriculture and Seafood (LASA) Grants**Informational**

In the FY2023 Budget as Enacted, an increase of \$600,000 in general revenue (\$700,000 total) was included to support the Local Agriculture and Seafood Act (LASA) grant program. This represented a commitment of \$200,000 in annual program funding and a one-time increase of \$500,000 in FY2023 to address the backlog of applications. The Budget continues to fund this program at \$700,000 in FY2024. The LASA grant program was established to support the growth, development, and marketing of local food and seafood within Rhode Island. The program was launched in FY2014 and is co-administered by the Division of Agriculture, within the Rhode Island Department of Environmental Management, and the Rhode Island Food Policy Council. Grants are awarded through a competitive process open to farmers, fishermen/women, non-profits, and producer groups based in Rhode Island.

In FY2023, grant year 2022, DEM awarded \$700,000 to 42 grantees. The maximum award is \$20,000. In this round, \$1.4 million was requested from applicants. A list of the grantees and the use of the funds can be found here: <https://dem.ri.gov/press-releases/governor-mckee-dem-legislators-announce-commitment-grant-program-helping-grow>.

Local Agriculture and Seafood Act (LASA) Grants

Grant Year	Number of Applications		Total Amount	
	Requests	Awards	Requested	Awarded
2014	92	16	\$1,474,822	\$190,030
2015	73	16	1,025,993	209,998
2016	71	17	1,414,596	229,998
2017	67	21	894,574	210,000
2018	44	21	696,339	213,097
2019	58	12	722,388	95,949
2020	-	-	-	-
2021	52	19	808,529	240,090
2022	85	42	1,430,557	700,000

Source: Department of Environmental Management

BUREAU OF ENVIRONMENTAL PROTECTION

The Bureau of Environmental Protection is comprised of six programs which are responsible for regulating and protecting water resources; protecting and improving air resources; regulating the transportation and disposal of solid, medical and hazardous waste, and investigating and remediating unpermitted release of those materials; responding to emergency spills of oil and chemicals that present an immediate danger to public health and environment; and assisting the public by coordinating the review of projects requiring multiple applications and permits, and tracking the status of permitting activities throughout the Bureau.

Bureau of Environmental Protection	General Revenue
FY2023 Enacted	\$15,081,859
Target and Other Adjustments	548,306
Turnover Restoration	267,092
FY2024 Enacted	\$15,897,257

Turnover Restoration**\$267,092**

Pursuant to a Governor's budget amendment, dated March 14, 2023, the Budget provides an additional \$267,092 in general revenue to replace excess turnover taken in error.

CAPITAL PROJECTS

The Budget includes a total of \$18.4 million in RICAP funding in FY2024 and \$13.4 million in FY2023, an increase of \$3.5 million in FY2024 and a decrease of \$1.6 million in FY2023 relative to the FY2023 Budget as Enacted. Major RICAP funded projects include:

- **Galilee Piers:** Due to an updated project schedule, the Budget removes \$4.6 million in funding from FY2023, leaving a balance of \$6.7 million, and adds \$2.3 million to FY2024 (\$10.8 million total), \$1.0 million to FY2027, and \$1.3 million to FY2028, for repairs to the Galilee Piers. The Port of Galilee is home to 170 commercial fishing vessels and provides affordable berthing spaces close to wholesale and retail seafood processing businesses. Since 2009, the Department has rebuilt numerous piers, as well as the southwest and northwest bulkhead. Current work is focused on the North Bulkhead and Docks AA-QQ. The North Bulkhead is more than 50 years old and includes 16 piers along its 1,500-foot length. The piers include berthing for vessels and businesses such as RI Engine, which provides regional vessel services, and Sea Freeze, a fish processing house with worldwide shipping.
- **Recreational Facilities Improvements:** Based on an updated project schedule, the Budget shifts \$900,000 from FY2023 into future years, including \$250,000 into FY2024, providing total funding of \$2.9 million in FY2023 and \$4.1 million in FY2024 for this ongoing project. The Department manages over 50 buildings and 25 miles of roads, in addition to water supply systems and other infrastructure elements, in State Parks and Management Areas. Current tasks include completion of the Fort Adams Maintenance Garage, the construction of the Roger Wheeler bulkhead, dredging around the Oakland Beach boat ramp in Warwick Cove, and the reconstruction of the East Matunuck State Beach entryway.
- **Newport Pier Upgrades:** The Budget includes \$1.0 million in FY2024 and \$258,820 in FY2023 for the Newport Pier project. This project supports the commercial fishing industry by making infrastructure improvements for commercial fishing facilities at the State Pier in Newport. State Pier #9 in Newport houses approximately 50 commercial fishing vessels, providing the only affordable berthing space for the local commercial fleet. Over the past several years, DEM has replaced the bulkhead and pilings, renovated the parking facilities and also made landscape and drainage improvements. The next step is to improve the utility services at the pier including electrical work to install 100-amp service in strategic locations, and replacement of the 30-amp and 50-amp services along the bulkhead and docks. This project has been experiencing significant delays recently due to supply chain issue for very specific components.
- **Marine Infrastructure and Pier Development:** The Budget provides \$650,000 in FY2024 for this project which is aimed at developing recreational and transient boating piers and related marine facilities in Narragansett Bay. Marine infrastructure projects can include recreational or commercial sites. Eligible projects can include, but are not limited to, docks, piers, bulkheads, and associated land-side infrastructure. Current funds are intended for the redevelopment of Chase Marina in Tiverton to improve access for commercial fishing.

Coastal Resources Management Council

Expenditures By Program	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Enacted	Final	Enacted		Enacted	Enacted	
Coastal Resources Management Council	\$5.4	\$7.6	\$8.0	\$0.4	5.7%	\$5.9	(\$1.6)	-21.8%

Expenditures By Source								
General Revenue	\$2.7	\$3.3	\$2.9	(\$0.5)	-13.7%	\$3.4	\$0.1	2.1%
Federal Funds	1.9	2.0	2.9	0.9	44.7%	2.3	0.3	14.3%
Restricted Receipts	0.2	0.3	0.3	-	-	0.3	-	-
Other Funds	0.6	2.0	2.0	0.0	0.0%	-	(2.0)	-100.0%
Total	\$5.4	\$7.6	\$8.0	\$0.4	5.7%	\$5.9	(\$1.6)	-21.8%

Authorized FTE Levels 30.0 32.0 32.0 - 0.0% 32.0 - 0.0%
\$ in millions. Totals may vary due to rounding.

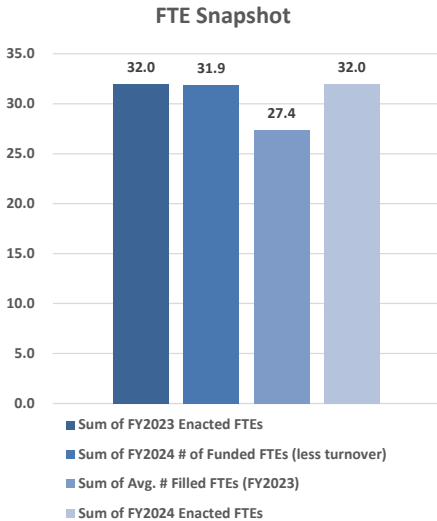
The Coastal Resources Management Council (CRMC) is mandated to preserve, protect, develop and, where possible, restore the coastal resources of the State. The CRMC oversees the Coastal Habitat Restoration Program and is charged with developing an Ocean Special Area Management Plan (SAMP) and a Marine Resources Development Plan.

MAJOR ISSUES AND TRENDS

The FY2024 Budget includes an all funds decrease of \$1.6 million (21.8 percent) from the FY2023 Budget as Enacted, including a general revenue increase of \$69,120, a federal funds increase of \$284,070, and an other funds decrease of \$2.0 million. The increase in general revenue is due to target and other adjustments. The decrease in other funds in FY2024 is due to the completion of RICAP projects in FY2023.

The increase in federal funds is primarily due to a new Virginia Offshore Wind Pilot project funded by the federal Bureau of Safety and Environmental Enforcement (BSEE) providing \$500,000 in FY2023 and \$250,000 in FY2024 as a passthrough to URI. The Coastal Virginia Offshore Wind Pilot (CVOW-P) is the Nation’s first Federal-water offshore wind research facility. The CVOW Pilot is a 12-Megawatt offshore wind project developed by Dominion Energy under a Research Activities Plan (RAP) and is located in federal waters approximately 27 miles from the coast of Virginia in water depths of approximately 88 feet. Ørsted was the principal engineering, procurement, and construction contractor for the wind turbines, foundations, array, and export cables. These support structures are traditionally used in the wind energy industry but have never been tested in the Atlantic Ocean. Given the complex aerodynamic and hydrodynamic loading of the CVOW-P turbines, the CVOW-P Structural Monitoring Project (CVOWPSMP) will provide industry and the BSEE with unique data that will inform the development of design standards tailored to U.S. waters.

The Budget authorizes 32.0 FTE positions in FY2023 and FY2024, consistent with the FY2023 Budget as Enacted.



Central Management	General Revenue
FY2023 Enacted	\$3,327,275
<i>Target and Other Adjustments</i>	
FY2024 Enacted	69,120
	\$3,396,395

CAPITAL PROJECTS

The Budget includes a total of \$2.0 million in capital projects in FY2023, all of which are scheduled for completion. Projects include:

- **South Coast Restoration Project:** In the late 1990s, the CRMC partnered with the Army Corps of Engineers (ACOE) to undertake a comprehensive program to maintain the viability and use of the breachways for three salt ponds in South County: Ninigret, Quonochontaug, and Winnapaug. Each had state-built (1950s) breachways that were now negatively impacting the natural environmental processes of each pond due to increased sediment buildup brought through the breachways. The Project Cost Agreement (PCA) with the Corps for the work on the ponds requires state funding for maintenance dredging.

Today, the marshes associated with these ponds are drowning due to the speed at which sea levels are rising; the natural elevation of the marshes cannot naturally keep up with the pace of the rising seas. In partnership with Department of the Interior-United States Fish and Wildlife Service (USFWS) as the primary funding agency, the CRMC managed a project that would remove the sediments (i.e.; maintenance dredged) being brought into the ponds and deposit them via hydraulic spraying over the salt marsh to slowly raise the level of the salt marsh vegetation, thereby saving the marsh from drowning in place and being lost to the ecosystem. The goal was to help the marsh adapt more quickly to sea level rise, reduce erosion, and mitigate flooding of the area during future storm surges. This project was successfully completed for Quonochontaug Pond.

When Hurricane Sandy hit Rhode Island in 2012, the ACOE received sufficient funding to partially restore Winnapaug Pond; however, not enough funding to remove the sediment deposited by the storm into the previously restored Ninigret pond. The ACOE is no longer funding the Ninigret project and the focus has shifted to Winnapaug, currently being dredged.

The South Coast Restoration Project is now focused on breachway maintenance dredging of each breachway every three to five years. This focus fulfills the PCA requirements on state-sponsored maintenance of the breachways and keeping the viability of restored submerged aquatic vegetation intact. More dredging may be necessary if a storm forces sediment into the basins and breachways. As of July 2021, Ninigret breachway is in need of maintenance dredging to maintain adequate water depths, healthy marsh systems, and wider breaches. Unfortunately, federal funds are not currently available for this purpose. The FY2023 Budget provides \$1.9 million in RICAP funds to dredge the breachway.

- **Little Narragansett Bay:** The Budget includes \$50,000 in FY2023 to investigate the feasibility of dredging the Cut within Narragansett (an area east of Sandy Point and west of Napatree) to allow quicker access to and from the ocean. According to CRMC, shifting sands within Little Narragansett Bay (Westerly) and a string current at the only egress make navigation safety an issue.
- **Pawcatuck Resiliency:** As the next phase of study to reduce damage from storm surge along the southern shore area from the Pawcatuck River to Point Judith, the Budget includes \$50,000 from the RI Capital Plan Fund in FY2023 as a place holder for a state match to elevate residences in a project led by the Army Corps of Engineers (ACOE).

Department of Transportation

Expenditures By Program	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Enacted	Final	Enacted	Enacted	Enacted	Enacted	Enacted
Central Management	\$15.2	\$25.7	\$22.9	(\$2.8)	-10.7%	\$23.7	(\$2.0)	-7.7%
Infrastructure- Engineering	550.0	615.0	611.4	(3.6)	-0.6%	690.4	75.4	12.3%
Infrastructure- Maintenance	88.3	152.3	235.9	83.6	54.9%	140.8	(11.5)	-7.5%
Management and Budget	4.0	3.8	4.0	0.3	7.2%	4.2	0.4	11.9%
Total	\$657.4	\$796.7	\$874.3	\$77.6	9.7%	\$859.1	\$62.4	7.8%

Expenditures By Source								
General Revenue	-	-	-	-	-	-	-	-
Federal Funds	\$406.0	\$456.6	\$467.8	\$11.3	2.5%	\$460.9	\$4.3	0.9%
Restricted Receipts	2.4	5.9	6.2	0.2	3.6%	6.2	0.3	4.4%
Other Funds	249.0	334.2	400.3	66.1	19.8%	392.0	57.8	17.3%
Total	\$657.4	\$796.7	\$874.3	\$77.6	9.7%	\$859.1	\$62.4	7.8%

Authorized FTE Levels 755.0 755.0 755.0 - - 755.0 - -
 \$ in millions. Totals may vary due to rounding

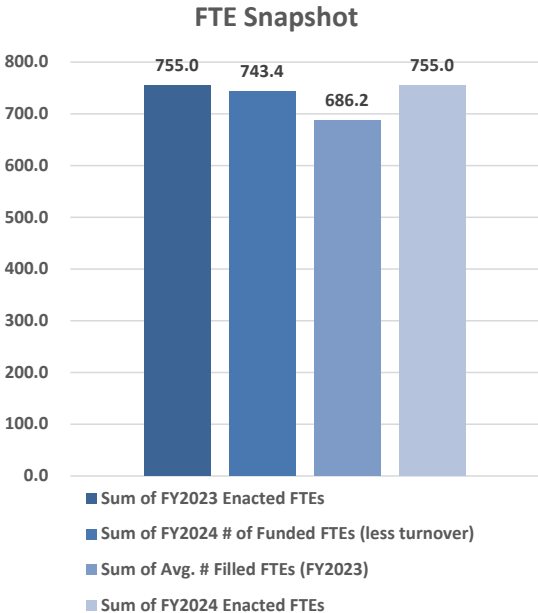
The Rhode Island Department of Transportation (RIDOT) is responsible for over 3,300 “lane miles” (1,100 miles) of highway and 1,201 bridges in the State. RIDOT provides services ranging from snow removal to pothole repair, and from installation and maintenance of traffic signalization to design of highway and bridge construction. The Department also develops projects in the areas of rail, water, bicycle, and pedestrian transportation; coordinates with RIPTA on transit projects; and, engages in air quality planning and coordination.

Established in FY1994, the Intermodal Surface Transportation Fund (ISTF) accounts for the collection of the gasoline tax, federal grants, and bond proceeds that are used for the maintenance, upgrading, and construction of the State’s highway system. It also is funded from proceeds of the Grant Anticipation Revenue Vehicle (GARVEE) and the RI Motor Fuel Tax (RIMFT) revenue bonds, and related expenditures. The Transportation Investment and Debt Reduction Act of 2011 created the Rhode Island Highway Maintenance Account within the ISTF. Funds are used to finance all RIDOT personnel and operating, and ongoing repair and renovation expenditures for RIDOT facilities throughout the state, as well as highway debt service, and motor fuel tax proceeds allocated to the Rhode Island Public Transit Authority (RIPTA), the Rhode Island Turnpike and Bridge Authority, and the Department of Human Services.

MAJOR ISSUES AND TRENDS

The FY2023 Final Budget provides \$874.3 million in all funds to support the Department of Transportation, representing a \$77.6 million or 9.7 percent increase from the FY2023 Budget as Enacted.

The FY2024 Budget as Enacted includes a total of \$859.1 million for the Department, reflecting an increase of \$62.4 million, or 7.8 percent from the FY2023 Budget as Enacted. This includes a \$57.8



million increase in other funds and a \$4.3 million increase in federal funds.

The Budget includes an FTE authorization of 755.0 for both the FY2023 Final Budget and the FY2024 Budget as Enacted, consistent with the FY2023 enacted levels.

Motor Fuel Tax

A portion of the Department's funding is provided by the motor fuel tax (gas tax). The FY2024 Budget includes a gas tax of 37.5 cents per gallon and a per-penny yield of \$4.1 million. Beginning in FY2016, the gas tax is adjusted every other year based on the percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U), rounded to the nearest 1.0 cent increment. The Department of Revenue's Office of Revenue Analysis (ORA) is responsible for both estimating the gas tax yield as well as determining the impact of the CPI-U. The following table shows the distribution of motor fuel tax revenue from FY2022 and projected through FY2028:

Motor Fuel Tax Revenue	FY2022 Preliminary	FY2023 Projected	FY2024* Projected	FY2025 Projected	FY2026* Projected	FY2027 Projected	FY2028* Projected
Department of Transportation**	\$87.0	\$86.5	\$96.4	\$94.1	\$94.8	\$90.5	\$88.7
Rhode Island Turnpike and Bridge Authority	15.0	14.9	14.5	14.2	13.7	13.1	12.3
Rhode Island Public Transit Authority***	41.8	41.6	40.4	39.4	38.1	36.4	34.2
Department of Human Services	4.3	4.3	4.1	4.0	3.9	3.7	3.5
Total	\$148.1	\$147.3	\$155.5	\$151.7	\$150.5	\$143.7	\$138.7
Projected Yield Per Penny	\$4,294,775	\$4,269,550	\$4,147,184	\$4,045,889	\$3,908,750	\$3,731,819	\$3,512,035
Motor Fuel Tax Per Gallon	34.5¢	34.5¢	37.5¢	37.5¢	38.5¢	38.5¢	39.5¢

\$ in millions. Totals may vary due to rounding

*Indicates a year with a projected CPI-U required increase

**DOT share includes \$0.02 for GARVEE Debt Service

***RIPTA includes \$0.005 for Underground Storage Tank Fee

Estimate based on May 2023 projections developed by ORA

The May 2023 ORA estimate assumes an inflationary \$0.03/gallon increase to the gas tax rate in FY2024, which is projected to yield an additional \$12.4 million in gas tax revenue. The additional funds realized as part of the increase are appropriated to the Department of Transportation pursuant to RIGL 31-36-20, resulting in the Department receiving 21.25 cents per gallon as opposed to the FY2023 appropriation of 18.25 cents per gallon. Additionally, the May 2023 estimate assumes inflationary increases of \$0.01/gallon at the start of FY2026 as well as the start of FY2028, reflecting a gas tax rate of \$0.395 for FY2028 and beyond. Projections indicate that with the \$0.395 rate in FY2028, the State will still collect \$9.4 million less than they did in FY2022, with a rate of \$0.345.

In FY2014, RIDOT received 21.75 cents of the gas tax, with the Rhode Island Public Transit Authority (RIPTA) and the Department of Human Services (DHS) receiving 10.75 cents. RIPTA uses gas tax revenues to fund multiple expenses including maintenance, operations, and their underground storage tank fee, while DHS uses gas tax revenues to partially fund their transit programs. Beginning in FY2015, 3.5 cents of the gasoline tax is transferred to the Rhode Island Turnpike and Bridge Authority (RITBA) to be used for maintenance operations, capital expenditures, and debt service on any of its projects in place of a toll on the Sakonnet River Bridge. This reduced RIDOT's share of the gasoline tax to 18.25 cents per gallon.

RhodeWorks

The General Assembly enacted "The Rhode Island Bridge Replacement, Reconstruction and Maintenance Fund Act of 2016," in February 2016. The legislation, also known as "RhodeWorks" authorizes the State to collect tolls and issue new GARVEE bonds.

Truck Tolling

- **Federal Court Decision:** On September 21, 2022, U.S. District Court Judge William E. Smith ordered Rhode Island officials to stop collecting truck tolls which resulted in a pause to the State's tolling

program. Judge Smith ruled the policy in its current form is unconstitutional. The ruling is currently being appealed and the Department is hopeful that a verdict will be delivered by the end of the calendar year. The Budget requires \$70.0 million in surplus general revenue be deposited into the Rhode Island Capital Plan Fund to hold the Department harmless for expected toll revenue losses through FY2024. The Department's plan had allocated \$130.0 million of toll revenue to highway projects from FY2023 through FY2025, including \$95.0 million to finance the Route 6/10 Interchange Reconstruction project.

Gantries and Revenue: The truck-only tolling plan received formal federal approval in September 2016, at which time the RIDOT executed a series of Memoranda of Understanding with the Federal Highway Administration regarding which bridge locations toll revenue could be used to maintain. In December 2016, RIDOT issued the RFP for the Design-Build-Operate-Maintain (DBOM) contract for the tolling program, including gantry design and construction; all operational elements, testing and acceptance; and long-term maintenance of the tolling equipment and facilities. In 2017, the Department awarded a contract to Kapsch TrafficCom to design, build, operate, and maintain the gantries for 10 years. The Department originally anticipated building 14 gantries however, the number of gantries has since been decreased to 13. In FY2021 the Department generated \$34.0 million in gross revenues. In FY2022, the Department generated \$39.8 million in gross revenues, a \$5.8 million or 17.0 percent increase to FY2021. As of September 2022, the Department had generated \$6.8 million from the tolling initiative in FY2023, before the court-ordered stoppage.

Bonding

- RhodeWorks also allowed for the refinancing and restructuring of previously existing GARVEE bonds to realize approximately \$120.0 million in additional resources during the first three years post-refinancing.
- The Rhode Island Commerce Corporation is authorized to issue new GARVEE bonds, not to exceed \$300.0 million, for bridge replacement, reconstruction, maintenance, and operations. These bonds have an expected term of fifteen years, with interest-only payments in the first nine years, and will be repaid from future toll revenues and reimbursements.
- Article 6 of the FY2020 Budget as Enacted provided for the issuance of \$200.0 million in GARVEE bonds issued through the Rhode Island Commerce Corporation to fund the bridge replacement, reconstruction, and maintenance of the RhodeWorks program. Total debt service is not expected to exceed \$275.0 million over 15 years. Debt service is financed through future Federal Highway Administration appropriations.
- In March 2021, voters approved a bond referendum for \$71.1 million in General Obligation (GO) bonds for the Department. The GO bonds are used as a 20.0 percent state match needed for federal highway road and bridge projects. Debt service for the Department's GO bonds is included in the Department of Administration's Budget but is paid for by DOT through gas tax receipts. The Budget includes \$39.4 million of this funding in FY2023 and the remaining \$34.1 million in FY2024.

State Transportation Improvement Program

The Department includes major projects that the State intends to implement in its yearly State Transportation Improvement Program (STIP). The STIP includes projects for 10 years; however, only the first four years are fiscally constrained, meaning the costs of the projects may not exceed the anticipated funding that is expected to be available in the four-year time period. The current STIP runs from FY2022-FY2031 and was last revised in May of 2023. Both the Department and RIPTA have programs within the STIP, RIDOT is currently appropriated 83.7 percent of the total funding through FY2025, with RIPTA receiving the remaining 16.3 percent. The following table depicts the funding totals for the STIP's largest programs through FY2025.

State Transportation Improvement Program (STIP)

Program Name	FY2022	FY2023	FY2024	FY2025	Sub-Total FY2022-FY2025	% of Subtotal	Grand Total FY2022-FY2031	% of Grand Total
Rhode Island Department of Transportation								
Bridge Capital Program	\$164.5	\$162.8	\$178.8	\$180.2	\$686.2	16.3%	\$1,900.7	19.9%
Major Capital Projects Program	194.1	244.7	234.6	209.9	883.2	20.9%	1,368.5	14.3%
Debt Service Program	113.4	116.2	116.1	112.4	458.1	10.8%	1,108.0	11.6%
Pavement Program	103.3	117.3	95.0	78.7	394.3	9.3%	727.6	7.6%
<i>Additional STIP Programs</i>	<i>288.0</i>	<i>261.9</i>	<i>273.3</i>	<i>288.3</i>	<i>1,111.5</i>	<i>26.3%</i>	<i>2,878.1</i>	<i>30.1%</i>
Sub-Total	\$863.3	\$902.8	\$897.8	\$869.5	\$3,533.3	83.7%	\$7,982.8	83.5%
Rhode Island Public Transit Authority								
Transit Support Operations	\$106.6	\$130.8	\$118.5	\$123.4	\$479.3	11.4%	\$1,141.0	11.9%
Transit Capital	11.3	86.4	21.2	23.2	142.0	3.4%	272.0	2.8%
Transit Service	21.7	14.3	17.7	14.3	67.9	1.6%	159.6	1.7%
Sub-Total	\$139.6	\$231.4	\$157.4	\$160.8	\$689.2	16.3%	\$1,572.6	16.5%
Grand Total	\$1,002.8	\$1,134.2	\$1,055.2	\$1,030.3	\$4,222.5	100.0%	\$9,555.5	100.0%

\$ in millions. Totals may vary due to rounding

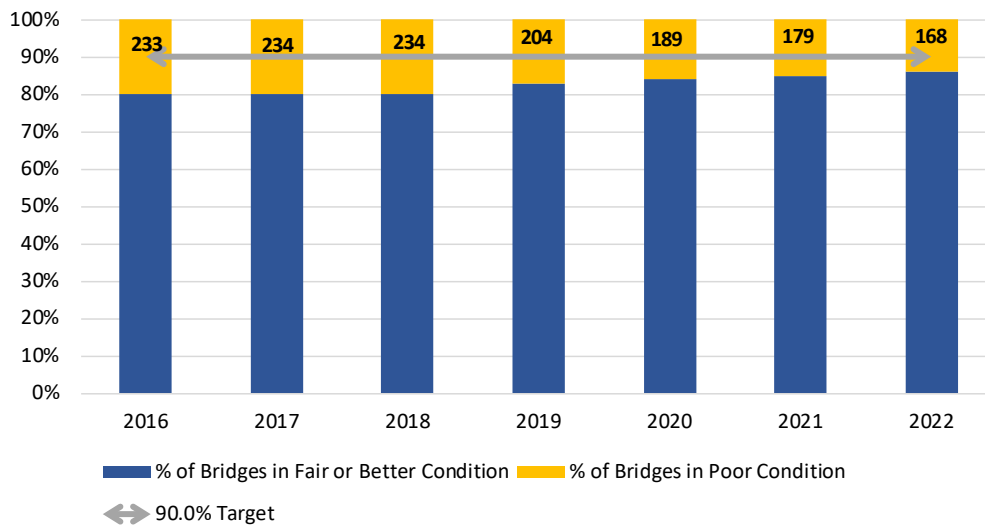
Source: RIDOT STIP Program Allocation Summary Revision 9: May 23, 2023

Bridge Capital Program: The largest program in the STIP is the Bridge Capital Program, which includes \$1.9 billion and represents 19.9 percent of all STIP funding through FY2031. The STIP budgets \$162.8 million in FY2023, \$178.8 million in FY2024, and \$180.2 million in FY2025 for the program.

In 2015, Rhode Island was ranked last in the nation for overall bridge condition with about 24.0 percent of bridges ranked as structurally deficient. The Bridge Capital Program identifies and develops a structured sequence of preservation, repair, rehabilitation, and replacement actions in order to sustain a state of good repair for the State’s 1,200 bridges at a minimum cost. The program is primarily focused on reducing the percentage of structurally deficient bridges to 10.0 percent by 2025.

As of March 2023, 169, or 14.1 percent, of the State’s 1,200 bridges were in poor condition. The State would need to repair 49 bridges over the next two years to reach the goal of 90.0 percent structurally sound bridges throughout the State. The following graph displays the State’s bridge conditions and progress toward reaching the 90.0 percent goal.

Rhode Island Bridge Conditions 2016-2022



Source: RIDOT Q1 Quarterly Reports, Data from month of December

Major Capital Projects Program: The second largest program in the STIP is the Major Capital Projects Program, which includes \$1.4 billion and represents 14.3 percent of all STIP funding through FY2031. The STIP budgets \$244.7 million in FY2023, \$234.6 million in FY2024, and \$209.9 million in FY2025 for the program. The following table displays the budgeted totals of current and regionally significant projects from FY2022 through FY2025.

Major Capital Projects Program

Project Name					Project Total
	FY2022	FY2023	FY2024	FY2025	FY2022-FY2025
I-95 Northbound Viaduct	\$50.0	\$60.0	\$52.0	\$45.0	\$207.0
Route 6/10 Interchange	40.0	40.0	40.0	15.0	135.0
Route 146 Reconstruction	31.3	31.3	40.0	30.1	132.6
Route 37 Improvements	6.6	28.5	27.3	8.8	71.1
Henderson Bridge*	20.0	20.5	16.0	7.2	63.7
Washington Bridge North	12.5	25.0	15.0	8.0	60.5
<i>Additional Projects</i>	<i>33.8</i>	<i>39.4</i>	<i>44.3</i>	<i>95.9</i>	<i>213.4</i>
Total	\$194	\$245	\$235	\$210	\$883.2

\$ in millions. Totals may vary due to rounding

Source: RIDOT STIP Program Allocation Summary Revision 9: May 23, 2023

* The Henderson Bridge Project total reflects phases 1 and 2

- **I- 95 Northbound Viaduct Project:** This project replaces the 1,295-foot-long northbound section of the Providence Viaduct Bridge, which supports I-95 over municipal roads, highway ramps, Amtrak’s Northeast Corridor, and the Woonasquatucket River. The Department removed the existing bridge deck in the first quarter of FY2023 and installed steel girders on the first half of the new Smith Street Bridge. Additionally, the new bridge that will carry Route 146 North over I-95 has opened and the Department is reconstructing the old bridge into a traffic ramp. The project is scheduled to finish construction in CY2025 with an approximate cost of \$265.0 million.
- **Route 6/10 Interchange:** This project reconstructs the 6/10 interchange within the current highway right of way and addresses the seven structurally deficient bridges within the project area. The Department opened a temporary exit from Route 6 Eastbound to Route 10 Southbound which will allow for the removal of the Huntington Avenue Viaduct. Additionally, a section of Route 10 Southbound was reconstructed and placed in its final alignment. The Department is currently working on storm drain installation, road widening, and bridge work. The project began construction in FY2018 and is scheduled to be completed in CY2023. The project is the largest single construction contract the State has awarded with an approximate cost of \$410.0 million
- **Route 146 Reconstruction:** This project makes necessary improvements to Route 146, including the replacement of one bridge and preservation or rehabilitation work on four others, the construction of frontage roads for safer and easier access, and the re-pavement of Route 146 from the I-295 interchange to the Massachusetts state line. The Department is currently continuing construction throughout the scope of the project and is working on the I-295 bridges over Route 146, the Sayles Hill Road intersection in north Smithfield, and at the Route 146A interchange. The project is scheduled to finish construction in CY2026 with an approximate cost of \$196.9 million.
- **Route 37 Improvements:** This project involves the rehabilitation or replacement of 22 bridges and the safety and congestion improvement of Route 37, a critical east-west freeway that connects Cranston and Warwick. The project is scheduled to occur in two phases, with a \$79.5 million approximate cost estimate for Phase 1 and an \$85.0 million estimate for Phase 2. The Department has recently started Phase 1, which involves the preservation, major rehabilitation, and/or reconstruction of 15 bridge

structures between Route 1 in Warwick and the Pontiac Avenue interchange in Cranston. 6 of the 15 bridges are considered structurally deficient and the project will replace four and rehabilitate the remaining two. The project is scheduled to finish both construction phases in CY2026 with a total approximate cost of \$164.5 million

- **Washington Bridge:** This project addresses the structural deficiencies of the westbound portion of the Washington Bridge, as well as the construction of a new off-ramp, which is expected to ease congestion issues and spur economic development. Recently, the Department completed the new traffic pattern and construction will now address the structurally deficient bridge deck that carries traffic on I-195 West. The project is scheduled to finish construction in CY2026 with an approximate cost of \$78.0 million.
- **Henderson Bridge:** This project demolishes and reconstructs the Henderson Bridge, which was declared structurally deficient in 1996. The new bridge will be narrower and will support only 3 lanes of traffic, two westbound lanes and one eastbound. The original bridge supported 6 lanes. Recently, the Department finished placing all of the steel beams on the new bridge and is currently working on forming the bridge deck. The project is scheduled to finish construction in CY2025 with an approximate cost of \$84.4 million.

Debt Service Program: The third largest expense in the STIP is the Debt Service Program, which is anticipated to cost \$1.1 billion through FY2031. The current STIP services General Obligation Transportation Bonds, Motor Fuel Bonds, Grant Anticipation Revenue Vehicle Bonds, and pass-through funding for RIPTA's General Obligation Transportation Bonds. The State issues General Obligation Transportation Bonds (GO Bonds) to finance transportation-related construction projects, with the most recent issuance occurring in CY2021. GARVEE bonds enable the State to pay debt service and other bond-related expenses with future federal-aid highway funds. GARVEE bonds generate up-front capital for major highway projects at generally tax-exempt rates and enable the State to construct a project earlier than if using traditional pay-as-you-go grant resources. The STIP includes \$113.4 million in FY2022, \$116.2 million in FY2023, \$116.1 million in FY2024, and \$112.4 million in FY2025.

Pavement Capital Program: The Pavement Capital Program includes funds for design and construction projects that maintain the State's roadways and is anticipated to cost \$727.6 million through FY2031. The Department uses an asset management approach described as applying the "right treatment, to the right pavement, at the right time" to prevent roadway failure. Pavement sufficiency targets were approved and phased-in in May 2018. Rhode Island currently has 6,528 miles of roadway; the Department maintains approximately 1,100 miles of those roadways. The Pavement Capital Program will allow for additional miles to be paved and will improve the State's Pavement Structural Health Index (PSHI), which is a rating system that evaluates 1/10-mile segments of roads with weighted distresses to determine a rating between 0 and 100, with 100 representing distress-free roads. RIDOT's goal is to maintain an average PSHI of 80.0 percent for more than 10 years. The STIP includes \$103.3 million in FY2022, \$117.3 million in FY2023, \$95.0 million in FY2024, and \$78.7 in FY2025.

Rhode Island Highway Maintenance Account (HMA)

The Transportation Investment and Debt Reduction Act of 2011 created the Rhode Island Highway Maintenance Account within the Intermodal Surface Transportation Fund (ISTF). The FY2015 Budget as Enacted provided additional funding for transportation projects through increased deposits into the HMA including a surcharge of \$25.00 on all dismissals based upon a good driving record, in addition to the \$5.00 administration fee; an increase in the vehicle inspection fee from \$39.00 to \$55.00; transfer of existing revenue from inspection stickers (\$16.00 per inspection), motor vehicle title (\$50.00 per title), and car rental surcharges (8.0 percent of gross receipts per rental vehicle for the first thirty days) from the general fund to the HMA; and, the phased-in transfer of all vehicle license and registration fees into the HMA beginning in FY2016.

Article 8 of the FY2020 Budget as Enacted, altered the percentage of fees going into the HMA such that 5.0 percent of the total fees collected each year are retained by the Division of Motor Vehicles (DMV) and the remaining 95.0 percent are deposited into the Account. The funds retained by the DMV are intended to help partially offset personnel costs associated with collecting the fees associated with the HMA. The remaining 95.0 percent of fees deposited into the HMA are shared between DOT and RIPTA, with RIPTA receiving 5.0 percent of the funds deposited and DOT receiving the remaining amount. Article 8 also extended RIPTA’s \$5.0 million annual appropriation to support the Free-Fare program indefinitely.

Article 2 of the FY2024 Enacted Budget shifts the Division of Motor Vehicles (DMV) duplicate license/updated information fee revenue from general revenue to the State’s Highway Maintenance Account (HMA) in FY2024. This change is estimated to add \$1.0 million annually to the RIHMA and is not reflected in the above table, as ORA’s most recent projection calculation occurred before the Budget was enacted. Of the \$1.0 million transfer, 5.0 percent (\$50,000) would remain in the general fund and an additional 5.0 percent of the new balance will be transferred to RIPTA (\$47,500). The remaining \$902,500 will be allocated to RIDOT.

In FY2024, the HMA’s projected balance is \$106.5 million, of which, \$10.1 million will be allocated to RIPTA, \$5.3 million to the general fund, and the remaining balance of \$91.1 million will be transferred to the Department of Transportation. The following table illustrates the various fees and surcharges deposited in the HMA as well as the agency allocations.

Rhode Island Highway Maintenance Account Forecast

Fees and Surcharges	FY2022	FY2023	FY2024	FY2025
	Audited	Projected	Projected	Projected
Licenses and Registrations Base	\$53.5	\$53.6	\$54.2	\$53.8
Licenses Surcharge	4.9	5.4	5.5	5.6
Vehicle Registrations Surcharge	14.3	15.7	16.1	16.4
Rental Vehicle Surcharge	4.3	7.1	4.4	4.6
Emission Inspection Fees	12.9	14.1	14.4	14.8
Motor Vehicle Title Fees	10.4	11.4	11.6	11.9
Good Driving Fees	0.3	0.3	0.3	0.3
RIHMA Total	\$100.6	\$107.6	\$106.5	\$107.4
5% Share to General Revenues	3.7	5.4	5.3	5.4
Remaining RIHMA Funds	\$96.9	\$102.2	\$101.2	\$102.0
5% Share to RIPTA	4.8	5.1	5.1	5.1
\$5.0 million Transfer to RIPTA	5.0	5.0	5.0	5.0
DOT Share	\$87.1	\$92.1	\$91.1	\$91.9

\$ in millions

Source: Office of Revenue Analysis and Budget Office, May 2023

Carry Forward Balance

The Department has a carry forward balance of \$43.4 million in the FY2024 Budget as Enacted Budget, exhibiting an increase of \$4.3 million from the \$39.2 million balance in the FY2023 Enacted Budget. The carry forward balance includes the state match portion for federally funded projects. The Department was allocated funding in FY2021 and FY2022 for future years with the expectation that the funds would be carried forward in out-years.

Student Internship Program

The Department hosts a student internship program that is funded with a mixture of federal funds and gas tax revenue. Historically, the Department accepts approximately 100 students to the program and the interns work from May through August. Interns are required to work between 35-40 hours per week on weekdays

and receive an hourly rate between \$14 and \$25, based upon prior experience and job classification. The program employs interns, who generally work full-time for 4 months over the summer, as well as Co-op students, who work full-time over the summer and part-time for 8 months. In FY2024, the Department has accepted a total of 106 students, with 87 being classified as interns and 19 classified as Co-op.

CENTRAL MANAGEMENT

The Central Management Program includes Legal Counsel, Human Resources, the Real Estate Section, External Affairs, the Safety Section, the Office on Highway Safety, the Office of Civil Rights, and the Director's Office.

	FY2022	FY2023	FY2023	Change from	FY2024	Change from
Central Management	Actual	Enacted	Final	Enacted	Enacted	Enacted
Federal Funds	\$8.1	\$16.6	\$14.9	(\$1.7) -10.1%	\$15.0	(\$1.6) -9.4%
Other Funds	7.0	9.1	8.0	(1.1) -11.9%	8.7	(0.4) -4.6%
Total	\$15.2	\$25.7	\$22.9	(\$2.8) -10.7%	\$23.7	(\$2.0) -7.7%

\$ in millions. Totals may vary due to rounding

- The Legal Counsel office works closely with the Office of the Attorney General in legal proceedings involving RIDOT and also provides support within RIDOT for program development, property management and acquisition, contracts, litigation, arbitration, and contracted outside legal services.
- Human Resources administers labor relations, human resource development and training, all equal opportunity programs, and payroll and fringe benefit programs.
- The Real Estate section deals with acquisition, appraisal, negotiation, and relocation for property purchases (including easements and larger parcels) and property sales.
- The External Affairs office handles all media inquiries, speaking engagements, legislative correspondence, and special events for the Departments, as well as managing the Department's website.
- The Safety Section is responsible for promoting public safety.
- The Office on Highway Safety develops and coordinates programs with local, state and federal agencies to reduce highway deaths and injuries, and to promote public awareness of the correlation between highway safety and alcohol and substance abuse through the development and distribution of educational information.
- The Civil Rights office supports contractors, consultants, and sub-recipients to ensure full compliance with federal and state civil rights laws and equal employment requirements.
- The Director's Office provides leadership and policy development for the Department to ensure the State's public transportation services are safe, effective, and environmentally prudent.

Central Management	Other Fund Changes
NHTSA Grants (federal funds)	(\$1,566,479)
Indirect Cost Recovery (other funds, statewide adjustments)	(1,101,414)
Property Management/Real Estate (other funds)	488,275

NHTSA Grants (federal funds)

(\$1.6 million)

The Budget includes \$15.0 million in federal funds for the Central Management program from a number of National Highway Transportation Safety Administration (NHTSA) grants, reflecting a decrease of \$1.6 million from the FY2023 Budget as Enacted. The changes include a \$1.5 million reduction from the Minimum Penalties for Repeat Offenders for DWI or DUI grant, a \$136,577 reduction from MAP-21 grant,

a \$42,513 increase in the State and Community Highway Safety Program grant, and a \$16,975 reduction in the Fatality Analysis Reporting System grant. The changes and grant totals are illustrated in the following table.

NHTSA Grant	FY2023 Enacted	FY2024 Enacted	Change from Enacted
Min. Penalties for Repeat Offenders DWI or DUI	\$5,561,494	\$4,106,054	(\$1,455,440)
Map-21 405 Funds	6,180,520	6,043,943	(136,577)
State and Community Highway Safety Program	4,387,594	4,430,107	42,513
Fatality Analysis Reporting System	74,638	57,663	(16,975)
Grant to Prohibit Racial Profiling	372,800	372,800	-
Total	\$16,577,046	\$15,010,567	(\$1,566,479)

Property Management/Real Estate (other funds) \$488,275

The Budget includes \$2.1 million in gas tax revenue to support property management and real estate operations in FY2024, a \$488,275 increase from the FY2023 Budget as Enacted. \$397,231 of the total increase is due to salary and benefits, which include cost-of-living adjustments as well as the addition of 4.0 departmental interns. 2.0 interns will work alongside the Property Management section and 2.0 interns will work alongside the Real Estate section.

INFRASTRUCTURE - ENGINEERING

The Infrastructure Engineering program works to develop the State's roads and bridges into an advanced ground transportation system. The program consists of multiple divisions and sections encompassing the design, planning, and construction of the Project Management Division.

Infrastructure-Engineering	FY2022 Actual	FY2023 Enacted	FY2023 Final	Change from Enacted	FY2024 Enacted	Change from Enacted
Federal Funds	\$373.8	\$418.5	\$422.8	\$4.3 1.0%	\$445.8	\$27.3 6.5%
Restricted Receipts	2.4	5.9	6.2	0.2 3.6%	6.2	0.3 4.4%
Other Funds	173.8	190.5	182.5	(8.1) -4.2%	238.3	47.8 25.1%
Total	\$550.0	\$615.0	\$611.4	(\$3.6) -0.6%	\$690.4	\$75.4 12.3%

\$ in millions. Totals may vary due to rounding

- The Project Management division oversees all phases of a project from start to finish, including design, construction, and materials testing.
- The Construction Management section is responsible for the administration and inspection of highway, bridge, traffic signal, and destination signing and freight/commuter rail construction activities throughout the State.
- The Materials Unit conducts sampling and quality assurance testing. The Research and Technology section evaluates new technologies, provides research for national, regional, and local programs, and provides training in new technology.
- The Office of Stormwater Management is responsible for the scope, plan, design, and maintenance of stormwater systems.
- The Occupational Safety, Health, and Work Zone Safety section administers the Department's safety and health programs.
- The Planning Division develops and monitors the Department's Ten-Year Plan to ensure successful implementation.

- The Office of Transit, New Starts, and Operations section develops and implements planning projects by working to develop an integrated transportation system that provides convenient transitions between different modes of transportation.

Infrastructure- Engineering	Other Fund Changes
Highway Improvement Program (RICAP)	\$77,761,300
Federal Highway Projects (federal funds)	44,438,971
Toll Revenue (other funds)	(32,114,329)
Federal Discretionary Grants For Capital Projects (federal funds)	(30,218,185)
ARPA SFRF: Municipal Grant Program (federal funds)	20,000,000
Motor Fuel Tax Revenue Transfers (other funds)	(6,704,397)
RIPTA: Pawtucket Bus Hub Passenger Facility (RICAP)	(2,500,000)
ARPA SFRF: RIPTA R-Line Pilot (federal funds)	(1,750,000)
ARPA SFRF: RITBA Safety Barriers Study (federal funds)	(250,000)

Highway Improvement Program (RICAP) **\$77.8 million**

The Budget includes a \$133.4 million transfer from the Rhode Island Capital Plan fund (RICAP) to support the State's Highway Improvement Program. The transfer reflects an increase of \$77.8 million from the FY2023 Budget as Enacted and includes \$40.0 million to backfill lost toll revenue. The Department's plan had allocated \$130.0 million of toll revenue to highway projects from FY2023 through FY2025, including \$95.0 million to finance the Route 6/10 Interchange Reconstruction project. Due to the September 2022 District Court Ruling, that halted the State's tolling initiative and is currently being appealed, the Budget includes \$40.0 million of surplus general revenue in order to prevent any funding gaps for FY2024.

The Highway Improvement Program represents those highway and intermodal projects that utilize federal funds administered by the Federal Highway Administration. The program utilizes state funds for matching purposes in the form of proceeds from general obligation bonds. The Highway Improvement Program is directed toward implementing the Department's capital program and includes 398 of the 460 projects identified in the Transportation Improvement Program.

Federal Highway Projects (federal funds) **\$44.4 million**

The Budget includes \$270.0 million in federal funds, an increase of \$44.4 million from the FY2023 Budget as Enacted, to support Federal Highway Projects. The increase includes \$30.4 million that was originally intended to be used for capital projects but was shifted to highway projects after receiving additional guidance. There is a corresponding decrease in the Federal Discretionary Grants for Capital Projects line. In addition, the increase includes \$11.7 million for salary and benefits and \$2.3 million for contracted professional services. Current Federal Highway Projects include the 6/10 Reconstruction, the I-95 Northbound Viaduct, and the I-195 Washington Bridge, amongst others.

Toll Revenue (other funds) **(\$32.1 million)**

The Budget includes a \$32.1 million reduction in toll revenue due to the September 2022 District Court Ruling that suspended Rhode Island's ability to collect tolls. The ruling is currently being appealed and the Department remains hopeful that a decision will be reached by the end of 2023. The Budget includes \$40.0 million in surplus general revenue deposited into the RICAP fund in FY2024 and \$30.0 million in FY2023, in order to prevent any funding gaps and ensure the Department's project schedule remains on target.

Federal Discretionary Grants for Capital Projects (federal funds) **(\$30.2 million)**

The Budget includes \$42.3 million in federal discretionary grants for capital projects, a reduction of \$30.2 million from the FY2023 Budget as Enacted. Projects that receive funding from federal discretionary grants include the I-95 Northbound Viaduct, Route 37 Improvements, Newport Pell Ramps Realignment, Route 146 Reconstruction, Washington Bridge Repairs, and the study concerning Route 4. The Department

originally requested \$72.5 million for this initiative, but indicated after receiving additional guidance, that \$30.4 million from these expenses should be reflected as part of highway improvements. There is a corresponding \$30.4 million increase for Federal Highway Projects.

ARPA SFRF: Municipal Grant Fund (federal funds) \$20.0 million

The Budget includes \$20.0 million of federal funds for the new Municipal Roads Grant Program. The Municipal Roads Grant Program will provide municipalities with \$20.0 million in American Rescue Plan Act (ARPA) federal funds, serving as a 33.0 percent match to fund road, bridge, and sidewalk projects on locally maintained, municipal roads. The cities and towns will provide the remaining 67.0 percent, reflecting a possible \$60.0 million available for municipal road improvement. The Department will divide \$5.0 million of federal funds equally amongst all municipalities, with the remaining \$15.0 million appropriated to municipalities based on the non-federal land miles of roads they contain. The program requires all projects to be completed by the end of 2026. Additionally, the program includes accountability and transparency measures, such as a quarterly reporting requirement. Cities and towns utilizing the program will report on the progress of each project and its anticipated completion date, as well as the values of any contracts and the dates they were awarded. In a separate but related initiative, the Budget directs the Department to establish a Municipal Roadway Database in Article 1. The Municipal Roadway Database will be funded through gas tax revenue and updated annually by municipalities with information concerning the name, condition, length, roadway infrastructure, and pedestrian features of each municipal roadway.

Motor Fuel Tax Revenue Transfers (other funds) (\$6.7 million)

The Budget includes \$63.2 million in motor fuel tax transfers within the Infrastructure- Engineering program, reflecting a reduction of \$6.7 million in comparison to the FY2023 Budget as Enacted. The FY2024 Budget as Enacted includes a \$38.4 million transfer of gas tax funds to RIPTA, which is \$4.1 million less than in the FY2023 Enacted Budget. The Budget also transfers \$2.1 million to RIPTA from the Environmental Protection Fee associated with the State’s underground storage tank. The Budget provides \$14.5 million for the Rhode Island Turnpike and Bridge Authority (RITBA) reflecting a \$1.6 million reduction from the FY2023 Enacted Budget. An \$8.3 million transfer was included for debt service related to GARVEE Bonds, decreasing by \$892,058 from the FY2023 Budget as Enacted. The following table illustrates the changes.

Motor Fuel Tax Transfers	FY2022 Actual	FY2023 Enacted	FY2024 Enacted	Change from Enacted
RIPTA Gas Tax Share	\$39,726,673	\$42,486,267	\$38,361,452	(\$4,124,815)
RITBA Gas Tax Share	15,031,715	16,076,246	14,515,144	(1,561,102)
Gas Tax Debt Service	8,606,313	9,186,426	8,294,368	(892,058)
Enviornmental Protection Fee	2,058,164	2,200,014	2,073,592	(126,422)
Total	\$65,422,865	\$69,948,953	\$63,244,556	(\$6,704,397)

RIPTA: Pawtucket Bus Hub Passenger Facility (RICAP) (\$2.5 million)

The Budget provides \$1.5 million in RICAP funds to support RIPTA’s construction of the Pawtucket Bus Hub Passenger Facility, reflecting a \$2.5 million savings from the \$4.0 million appropriated in the FY2023 Enacted Budget. The savings reflect the Authority’s updated construction timeline, which has been delayed since the FY2023 Enacted Budget was released. The Budget appropriates \$1.5 million in FY2024 and \$3.5 million in FY2025.

ARPA SFRF- RIPTA R-Line Pilot (federal funds) (\$1.8 million)

The Budget includes \$750,000 of federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) to support the 12-month free-fare pilot program on the R-Line bus route, reflecting a reduction of \$1.8 million from the FY2023 Enacted Budget. The pilot program began on September 1, 2022, and will run until September 1, 2023. The Rhode Island Public Transit Authority (RIPTA) is tracking ridership data

and will submit a report to General Assembly Leadership and the Governor by March 1, 2024. Originally intended to be a one-time appropriation, the Authority indicated that they require additional funds due to the program's increased ridership and greater than anticipated reduction of Third-Party Fare revenue. Colleges and other institutions that have purchased bus passes for staff and students in the past have expended less than anticipated due to the free-fare program.

ARPA SFRF- RITBA Safety Barriers Study (federal funds) (\$250,000)

The Budget includes an additional \$750,000 of federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) for the Rhode Island Turnpike and Bridge Authority (RITBA) to expand the suicide prevention study which is currently underway, to include the Claiborne Pell and Sakonnet River Bridge. The FY2023 Budget as Enacted included an appropriation of \$1.0 million, which the Authority indicated would not be sufficient to conduct a study on the Claiborne Pell, Jamestown- Verrazano, Mt. Hope, and Sakonnet River Bridge. The Authority approved a contract with Atkins North America, LLC in November 2022 to conduct the study on the Mt. Hope and Jamestown- Verrazano bridges, which began in January 2023. The contract's schedule is subject to refinement, but the study's estimated completion time is 14 months and the feasibility report is expected to be delivered in February 2024. The Budget includes an additional \$750,000 to expand the study's scope to include the Claiborne Pell and Sakonnet River Bridge, reflecting a total appropriation of \$1.8 million.

INFRASTRUCTURE - MAINTENANCE

The Infrastructure Maintenance program is comprised of multiple divisions that are responsible for keeping all state roads and bridges well-maintained and functional. In recent years, the Department has worked to bring tasks performed by the Infrastructure Maintenance program in-house rather than contracting services from outside vendors.

	FY2022	FY2023	FY2023	Change from	FY2024	Change from		
Infrastructure- Maintenance	Actual	Enacted	Final	Enacted	Enacted	Enacted		
Federal Funds	\$24.1	\$21.5	\$30.1	\$8.7	40.5%	\$0.0	(\$21.5)	-100.0%
Other Funds	64.2	130.8	205.8	75.0	57.3%	\$140.8	10.0	7.6%
Total	\$88.3	\$152.3	\$235.9	\$83.6	54.9%	\$140.8	(\$11.5)	-7.5%

\$ in millions. Totals may vary due to rounding

- The Automotive section is responsible for the upkeep and repair of the program's fleet of heavy trucks and equipment.
- The Engineering and Support office is a multi-faceted section responsible for the resolution of drainage problems, inspection of work permits, coordination of requests for pavement projects, maintenance of guardrails, fences, and highway-related equipment along the state highway, highway illumination, and state-wide beautification projects.
- The Field Operations section, which is comprised of staff who operate from multiple field offices across the State, is responsible for sweeping, litter collection, and snow plowing, as well as bridge, pothole, and guardrail repairs.

Infrastructure- Maintenance	Other Fund Changes
CAA21: Highway Improvement Program (federal funds)	(\$21,456,198)
288 Allens Avenue Facility Purchase (other funds)	8,303,280
Highway Maintenance Account Expenditures (other funds)	4,845,233
Vehicle Maintenance (other funds)	2,739,722
RIPTA Reduced Fare Bus Pass Program	Informational

CAA21: Highway Improvement Program (federal funds) (\$21.5 million)

The Budget includes a \$21.5 million reduction related to the exhaustion of federal Consolidated Appropriations Act (CAA) funds in FY2024. The federal funds were used to offset Highway Maintenance Account (HMA) and gas tax funding, which allowed those funds to be used for state matching to other federal funds. The CAA funding was related to COVID-19 relief and will no longer be included in the Budget.

288 Allens Avenue Facility Purchase (other funds) \$8.3 million

The Budget includes \$8.3 million in gas tax revenue for the purchase of the currently leased garage and maintenance facility located at 288 Allens Avenue in Providence. The Department originally intended to purchase the facility in FY2023 but due to a delay, the purchase is now scheduled to occur in FY2024. The Budget, therefore, has shifted \$8.0 million from FY2023 to FY2024.

The Department entered into a 5-year agreement, effective from September 2019 to September 2024, with an option to purchase the 33,000-square-foot building, in order to provide a convenient and secure storage site for Department vehicles and equipment. The Budget includes the remaining \$303,280 in FY2024 to support lease expenses until the purchase is complete.

Highway Maintenance Account Expenditures (other funds) \$4.8 million

The Budget includes \$107.5 million in Rhode Island Highway Maintenance Account (RIHMA) expenditures, an increase of \$4.8 million from the FY2023 Budget as Enacted. The Budget transfers the remaining allocation of license fee revenue (duplicate/updated information license fee) that was formerly being deposited to the general fund, to the Highway Maintenance Account. The Department of Revenue estimates that the initiative will divert approximately \$1.0 million from the General Fund to the Highway Maintenance Account, annually. The additional \$1.0 million is appropriated in the Budget. The following table summarizes the Department’s RIHMA projected expenditures and their changes between FY2023 and FY2024.

RI Highway Maintenance Account Expenditures			
Initiative	FY2023 Enacted	FY2024 Enacted	Change from Enacted
Road And Bridge	\$68,408,226	\$74,532,350	\$6,124,124
State Match	17,863,719	12,013,126	(5,850,593)
Mixed Projects	500,000	4,670,284	4,170,284
RIPTA Transfer	9,875,766	10,105,916	230,150
Highway Drainage	6,000,000	6,171,268	171,268
Total	\$102,647,711	\$107,492,944	\$4,845,233

Vehicle Maintenance (other funds) \$2.7 million

The Budget includes \$6.3 million in other funds for vehicle maintenance, a \$2.7 million increase from the FY2023 Enacted Budget. The Department uses these funds to purchase heavy trucks, street sweepers, loaders, tractors, and backhoes in order to replace the Maintenance Division’s existing fleet and fund recurring maintenance expenses. The increase includes

RIPTA Reduced Fare Bus Pass Program Informational

The Budget includes \$10.1 million to be transferred from the Highway Maintenance Account (HMA) to RIPTA, an increase of \$62,063 from the FY2023 Budget as Enacted. RIPTA receives 5.0 percent of the funds deposited into the HMA. In FY2018 and FY2019, RIPTA received \$5.0 million from the HMA, Article 8 of the FY2020 Budget as Enacted extended this transfer indefinitely. RIPTA uses these funds to perform debt service and the operating costs of the Free-Fare program.

RIPTA provides free bus rides to qualifying low-income seniors and people with disabilities through the Free-Fare Program. RIPTA estimates that nearly 15,000 individuals have free-fare bus passes, 10,607 individuals with disabilities and 4,285 seniors. These pass holders take approximately 6.4 million trips annually. Passes issued through the program are good for two years and include a \$10 processing fee to renew. To qualify as a low-income senior, applicants must be over age 65 and provide proof of income through either an SSI award letter, a Medicaid eligibility notice letter, or a Supplemental Income Verification Notice. The applicant's total household income may not be more than 200.0 percent of the Federal Poverty Level, or \$36,620 for a family of two, as of 2022. To qualify as a disabled person, the applicant must provide either a Medicare card with a disability code, a Supplemental Security Income award letter, or a Certification of Disability completed by the Providence Center. The program does not provide rides for individuals who meet the income threshold but are neither seniors nor disabled.

RIPTA also offers half-fare boarding to seniors and people with disabilities, regardless of income, during off-peak hours. Participants must enroll in the program and will be issued a valid identification card. Participants are required to pay full fare during peak service hours (7 AM-9 AM and 3 PM-6 PM on weekdays).

Free Fare Program Changes: The Reduced Fare program was originally scheduled to begin in July 2016. Previously, eligible low-income seniors and disabled individuals had their rides fully subsidized under RIPTA's Free Fare program; however, the program contributed significantly to RIPTA's operating deficits. The Reduced Fare model was expected to help alleviate the deficit. Due to outcry from local advocacy groups, transitioning from the Free Fare program to the Reduced Fare model was effectively delayed for seven months when the General Assembly appropriated \$900,000 to RIPTA for the program in the FY2017 Budget as Enacted. Article 4 of the FY2018 Budget as Enacted provided the Rhode Island Public Transit Authority (RIPTA) with \$5.0 million in Rhode Island Highway Maintenance Funds in both FY2018 and FY2019: \$3.4 million to fund the free-fare program for low-income senior and disabled persons, and the remaining \$1.6 million for debt service payments that were shifted back to the Authority. Article 8 of the FY2020 Budget extended the \$5.0 million in HMA funding to RIPTA indefinitely.

At the October 2022 RIPTA Board of Directors Meeting, the Board approved a pilot program that distributed 600 bus passes to agencies that service unhoused and low-income individuals. The individuals that received the bus passes met the income threshold to qualify for the current free-fare program but did not qualify as elderly or disabled. The bus passes are valid for 6-months post-activation and have been distributed to over 10 community agencies. The Authority will collect data concerning the total number of trips taken, the routes most frequently ridden, and any overcrowding that was experienced. Upon completion, RIPTA staff will draft a report to the Board of Directors outlining the results.

At the April 2023 RIPTA Board of Directors Meeting, the Board authorized the extension of the pilot program to September 2023 and an additional 175 bus passes. The program currently includes 775 bus passes.

MANAGEMENT AND BUDGET

Management and Budget houses the Department's Financial Management Division responsible for the oversight and management of the Department's operations and capital budget expenditures. Management and Budget also oversee the Education Advancement section, the Office of Contracts and Specifications, and the Information Technology section.

	FY2022	FY2023	FY2023	Change from	FY2024	Change from		
Management and Budget	Actual	Enacted	Final	Enacted	Enacted	Enacted		
Other Funds	\$4.0	\$3.8	\$4.0	\$0.3	7.2%	\$4.2	\$0.4	11.9%
Total	\$4.0	\$3.8	\$4.0	\$0.3	7.2%	\$4.2	\$0.4	11.9%

\$ in millions. Totals may vary due to rounding

- The Education Advancement section is responsible for internal education and advancement initiatives and facilitates administrative and programming coordination.
- The Office of Contracts and Specifications establishes business arrangements between the Department and the supplies of goods and services in the private sector.
- The Information Technology section maintains and operates all computer software and hardware as well as purchasing and upgrading all information technology platforms for the Department.

Management and Budget**Other Fund Changes**

Centralized Services (statewide adjustment, other funds)

\$605,823

CAPITAL PROJECTS

The FY2023 Final Budget includes \$93.8 million in Rhode Island Capital Plan (RICAP) funds for the Department of Transportation, reflecting a \$33.0 million increase from the FY2023 Budget as Enacted. The increase includes a \$30.0 million transfer in order to hold harmless the State's highway improvement projects, due to the federal decision that resulted in the cessation of the State's tolling program. The Budget transfers \$2.7 million in RICAP funds to RIPTA, reflecting a \$14.4 million reduction from the FY2023 Enacted Budget's transfer. The reduction includes an \$11.5 million savings for the Land and Buildings project and a \$4.0 million savings for the delayed Pawtucket Bus Hub Passenger Facility.

The FY2024 Budget as Enacted includes \$138.0 million in RICAP funds for the Department, reflecting a \$77.3 million increase from the FY2023 Budget as Enacted. The increase largely reflects a \$77.8 million increase for the Highway Improvement Program, which includes \$40.0 million to offset the lost toll revenue. The Budget transfers \$11.9 million to RIPTA, reflecting a \$5.2 million reduction from the FY2023 Enacted Budget's transfer. The reduction includes a \$2.5 million savings from the Land and Buildings project as well as a \$2.5 million savings from the delayed Pawtucket Bus Hub and Passenger Facility project. The following table illustrates the Budget's appropriation of RICAP funds.

RICAP Funded Projects	FY2023 Enacted	FY2023 Final	Change from Enacted	FY2024 Enacted	Change from Enacted
Rhode Island Department of Transportation					
Bike Path Maintenance	\$400,000	\$400,000	\$0	\$400,000	\$0
Highway Improvement Program	55,645,000	85,645,000	30,000,000	133,406,300	77,761,300
Capital Equipment Replacement	1,500,000	2,999,462	1,499,462	1,800,000	300,000
Maintenance Facility Improvements	500,000	1,330,244	830,244	500,000	—
Salt Storage Facilities	1,900,000	1,900,000	—	1,080,000	(820,000)
Train Station Maintenance and Repairs	350,000	699,415	349,415	395,000	45,000
URI Mobility Hub	250,000	600,000	350,000	250,000	—
Welcome Center	200,000	200,000	—	200,000	—
Sub-Total	\$60,745,000	\$93,774,121	\$33,029,121	\$138,031,300	\$77,286,300
Rhode Island Public Transit Authority					
Land and Buildings	\$12,889,628	\$1,335,807	(\$11,553,821)	\$10,372,818	(\$2,516,810)
Warwick Bus Hub	—	260,000	260,000	—	—
Pawtucket Bus Hub	—	900,817	900,817	—	—
Pawtucket Bus Hub Passenger Facility	4,000,000	—	(4,000,000)	1,500,000	(2,500,000)
Providence Transit Connector	—	—	—	—	—
Providence High-Capacity Transit Corridor Study	225,000	225,000	—	—	(225,000)
Sub-Total	\$17,114,628	\$2,721,624	(\$14,393,004)	\$11,872,818	(\$5,241,810)
Grand Total	\$77,859,628	\$96,495,745	\$18,636,117	\$149,904,118	\$72,044,490

Rhode Island Public Transit Authority

Revenues by Source	FY2022	FY2023	FY2023	Change from		FY2024	Change from	
	Actual	Board	Revised	Enacted		Board*	Enacted	
Motor Fuel Tax**	\$41.8	\$42.7	\$44.8	\$2.1	4.8%	\$45.1	\$2.4	5.5%
Passenger Revenue	19.4	18.5	23.0	4.5	24.1%	23.6	5.1	27.8%
Other Revenue	5.7	4.4	7.2	2.8	63.4%	8.8	4.4	100.0%
Federal Funds	41.2	60.2	65.5	5.3	8.8%	64.2	4.1	6.8%
Department of Human Services	0.8	1.0	1.1	0.2	17.4%	1.2	0.2	20.0%
RI Highway Maintenance Account***	3.5	4.6	4.9	0.3	6.9%	5.0	0.4	9.2%
Special Projects	0.0	-	0.5	0.5	-	1.2	1.2	-
Contributed Capital****	6.1	-	-	-	-	-	-	-
Total	\$118.6	\$131.3	\$146.9	\$15.6	11.9%	\$149.1	\$17.8	13.5%
Expenditures By Category								
Salaries, Wages and Benefits	\$87.7	\$95.9	\$102.9	\$7.0	7.3%	\$101.8	\$5.9	6.1%
Contract Services	4.9	7.7	11.1	3.4	44.2%	12.7	5.0	65.1%
Operating Costs	17.2	23.5	28.2	4.7	20.0%	29.6	6.1	25.9%
Utilities	1.7	1.6	1.7	0.2	11.5%	1.8	0.2	13.8%
Capital Match	0.0	1.5	1.2	(0.2)	-16.3%	0.9	(0.6)	-37.9%
Debt Service	0.4	1.2	1.2	-	-	1.1	(0.1)	-5.1%
Special Projects	-	-	0.5	0.5	-	1.2	1.2	-
Depreciation*****	16.8	-	-	-	-	-	-	-
Total	\$128.6	\$131.3	\$146.9	\$15.6	11.9%	\$149.1	\$17.8	13.5%
Surplus/(Deficit)	(\$10.0)	\$0.0	\$0.0	-	-	\$0	-	-
Authorized FTE Levels	813.0	865.0	873.0	8.0	0.9%	873.0	8.0	0.9%

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

*The FY2024 Budget was approved by the Board at the September 28, 2022 RIPTA Board of Directors Meeting.

**Motor Fuel Tax is based on the May 2022 OMB projections.

***RIPTA receives an additional \$5.0 million annually from the RIMHA, reflected in passenger revenue and other revenue.

****Contributed Capital is reflected in FY022 results, but is not budgeted.

*****Depreciation expense is not budgeted, only operating funds to be used for capital expenditures are.

The Rhode Island Public Transit Authority (RIPTA) was established in 1964 and is currently governed by an eight (8) member Board of Directors. As defined under RIGL 39-18-3, RIPTA is responsible for:

- Providing public transit services to meet the mobility needs of the people of the State
- Increasing access to employment opportunities
- Connecting different modes of public transportation, including rail, air, and water services
- Promoting community design that features public transit services
- Facilitating energy conservation and efficient energy use through public transit services
- Mitigating traffic congestion and enhancing air quality

RIPTA operates and maintains two facilities in Providence and one in Newport.

MAJOR ISSUES AND TRENDS

The FY2024 RIPTA Board-approved Budget provides a balanced total of \$149.1 million in both revenue and expenditures, reflecting an increase of \$17.8 million from the FY2023 Board-approved Budget.

The Authority received a total of \$128.7 million in federal emergency relief funds, including \$92.2 million from the Coronavirus Aid, Relief, and Economic Security (CARES) Act; \$769,136 from the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act; and, \$35.7 million from the American Rescue Plan (ARPA) Act. The Authority plans to expend \$30.2 million of federal aid to balance the FY2023 Budget and \$29.6 million to balance the FY2024 Budget, with \$4.1 million remaining for FY2025.

RIPTA is heavily reliant on the depleting emergency relief funds and anticipates significant year-end shortfalls of \$33.0 million in FY2025, \$40.3 million in FY2026, \$43.6 million in FY2027, and \$47.0 million in FY2028. The Authority has yet to identify a strategy to close these projected budget gaps and is discussing future options, which may include cutting service levels.

Projected Year End Shortfall	
FY2025	\$33.0
FY2026	40.3
FY2027	43.6
FY2028	47.0

\$ in millions

The \$6.1 million increase in operating costs from the FY2023 Enacted Budget is largely related to the recent increase in diesel fuel pricing. The Authority's \$1.59 per gallon price-lock contract expired in June 2022. Due to declining rates, the Authority has yet to enter into a new price-lock agreement and has since been paying market price. The Authority's projections are based on an average price of \$4.00 per gallon, and as of August 2023, fuel expenditures are significantly below budgeted amounts.

Analyst Note: RIPTA's Budget was approved in September, 2022, and used the May, 2022, gas tax projection by the Office of Revenue Analysis (ORA). The May 2023 projection indicates RIPTA will receive \$3.8 million less in gas tax revenue than expected.

Highway Maintenance Account

The FY2015 Budget as Enacted included a provision that RIPTA would receive 5.0 percent of available proceeds from revenue deposited into the RIHMA beginning in FY2016.

Additionally, Article 4 of the FY2018 Enacted Budget provided RIPTA with \$5.0 million in Rhode Island Highway Maintenance Funds (RIHMA) in both FY2018 and FY2019 to fund the free-fare program for low-income senior and disabled persons. The legislation required the creation of a Coordinating Council to develop recommendations for the sustainable funding of the program while maximizing the use of federal funds available to support the transportation needs of this population. The Council was due to present its funding recommendations to the Governor and General Assembly by November 1, 2018; however, RIPTA did not present its findings until December 31, 2018. Within the submitted report, the main recommendation for sustainable funding was to divert an additional penny of the gas tax to RIPTA for this program. Article 8 of the FY2020 Budget as Enacted extended the \$5.0 million in RIHMA funding to RIPTA indefinitely to fund the Free-Fare Program.

The May 2023 projections from ORA indicate RIPTA's total share of the RIHMA is \$10.1 million in both FY2023 and FY2024. RIPTA uses RIHMA funding to support the senior and disabled bus pass program, debt service, and other operating expenses.

RIHMA Line Item	FY2023	FY2024
\$5.0 Million Base to RIPTA	\$5.0	\$5.0
5% Share to RIPTA	5.1	5.1
Total	\$10.1	\$10.1

\$ in millions

Source: ORA May 2023

Motor Vehicle Fuel Tax

A portion of RIPTA’s funding is provided by the motor fuel tax (gas tax). RIPTA’s FY2024 Budget is based on a gas tax of 35.5 cents per gallon with a per penny yield of \$4.6 million.

RIPTA’s share of the gas tax revenue totals \$0.1054 per gallon and includes RIPTA’s statutory portion of \$0.0925 per gallon, as well as two additional transfers. RIPTA receives a \$0.005 per gallon transfer from the Underground Storage Tank fund and a \$0.0079 per gallon transfer from the Department of Human Service’s Office of Healthy Aging (OHA). The Authority expends \$2.5 million from the OHA transfer to support the free fare program.

RIPTA's Share of Gas Tax, \$/Gallon	
RIPTA Gas Tax Transfer	\$0.0925
Underground Storage Tank to RIPTA	0.0050
OHA Transfer to RIPTA	0.0079
Total	\$0.1054

Beginning in FY2016, the tax is adjusted every other year based on the percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U), rounded to the nearest 1.0 cent increment. The Department of Revenue’s Office of Revenue Analysis (ORA) is responsible for both estimating the gas tax yield as well as determining the impact of the CPI-U. In FY2020, ORA assumed inflation would change significantly enough to warrant a 1.0 cent increase, raising the gas tax rate from 33.5 cents to 34.5 cents per gallon. Furthermore, ORA determined a 3.0 cent increase to the gas tax was warranted at the start of FY2024, based upon inflation and the increasing CPI-U. The gas tax was therefore raised from 34.5 cents to 37.5 cents Pursuant to RIGL 31-36-20, the additional gas tax revenue is directed to the Department of Transportation (RIDOT).

The FY2024 Board Approved RIPTA Budget, which was released in October 2022, is based on projections issued by the Office of Revenue Analysis (ORA) in May of 2022, indicating that the Authority would receive a total of \$48.7 million of gas tax revenue in FY2024. ORA’s most recent estimate, issued in May of 2023, indicates that RIPTA will receive \$45.0 million, \$3.7 million less than the Authority’s current budget. The following table illustrates RIPTA’s most recent motor fuel tax projections as well as the corresponding per penny yield.

RIPTA's Projected Motor Fuel Tax Revenue						
	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
RIPTA Gas Tax Transfer	\$39.5	\$38.4	\$37.4	\$36.2	\$34.5	\$32.5
Underground Storage Tank to RIPTA	2.1	2.1	2.0	2.0	1.9	1.8
OHA Transfer to RIPTA	3.4	3.3	3.2	3.1	2.9	2.8
Total	\$45.0	\$43.7	\$42.6	\$41.2	\$39.3	\$37.0

\$ in millions.

Per Penny Yield	\$4,269,550	\$4,147,184	\$4,045,889	\$3,908,750	\$3,731,819	\$3,512,035
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**Projections based upon ORA's May 2023 Estimate

Volkswagen Funds

In January 2018, the State was awarded \$14.4 million from the national Volkswagen (VW) settlement, with \$11.9 million being allocated to RIPTA. VW illegally installed software in their vehicles that was able to sense when the car was undergoing emissions testing and activate equipment to reduce emissions: about 3,000 cars in Rhode Island were affected. The settlement established an Environmental Mitigation Trust (EMT), which will be administered by the Department of Environmental Management (DEM) and used within a 10-year period. Of the total settlement, \$10.8 million was used to purchase RIPTA buses equipped with Zero Emission Vehicles (ZEV) technology and their related infrastructure, and \$1.1 million was used for administrative expenses. The Authority received \$2.8 million from the settlement in FY2019, \$2.9 million in FY2020, and the remaining balance of \$6.2 million arrived in FY2023. The following table illustrates the schedule of the VW settlement payments.

RIPTA's VW Funds	
FY2019	\$2,776,338
FY2020	\$2,919,000
FY2023	\$6,158,970
Total	\$11,854,308

In the Fall of 2018, RIPTA began a pilot program to lease three ZEV buses. In the spring of 2019, RIPTA began road tests with the ZEV buses. 14 ZEV buses arrived in August of 2022, and have been deployed on the R-Line in Providence, the remaining buses are scheduled to be procured in FY2023. RIPTA has a current bid out for an action plan for electrification of their fleet including long-range buses and facilities.

Fare Changes

No fare changes are proposed for FY2023 or FY2024. In 2015, RIPTA conducted a comprehensive study of the fare products offered to customers, as well as the rates charged. The goals of the fare study were to simplify fare products; improve the reliability of fare media; introduce needed products; make boarding a bus fast, convenient, and reliable; implement new fare technologies; and, maximize revenue and ridership. RIPTA's Board adopted a new fare structure in December 2016 that eliminated the 15-ride pass and RIPTIKs (packages of 10 one-way tickets including free transfers that did not expire), created a 10-ride pass, increased the price of a 7-day pass and bus transfers, and recommended charging seniors and people with disabilities \$0.50 per trips.

While other changes were implemented, the charge to seniors and people with disabilities caused concern among advocacy groups and was never executed. Since FY2017, the General Assembly has included additional funds to continue the free fare program.

In September 2020, RIPTA launched the WAVE program, a smart fare collection system. The WAVE program operates on an earn-as-you-go model. The system tracks rider's trips allowing them to pay for individual rides or days while never exceeding the price of a day pass or month pass. Once a user spends the equivalent to a day or month pass they are not charged for any additional rides that day or month.

The WAVE program is fully implemented allowing RIPTA to move away from paper products. As of January 2022, RIPTA is no longer accepting paper fare products and bus drivers will not make change for cash payments. Passengers must pay via the WAVE smart card or app, exact change, photo ID pass, or a U-Pass ID. The Authority has stopped accepting the paper monthly passes as of June 2022. The following table illustrates current fares.

RIPTA Fares	FY2021	FY2022	FY2023	FY2024
1- Day Pass	\$6.00	\$6.00	\$6.00	\$6.00
7- Day Pass	25.00	25.00	25.00	25.00
10- Ride Pass	20.00	20.00	20.00	20.00
15- Ride Pass (discontinued in FY2016)	-	-	-	-
RIPTIKs (discontinued in FY2016)	-	-	-	-
Monthly Pass	70.00	70.00	70.00	70.00
Ride/Paratransit	4.00	4.00	4.00	4.00
Transfers	1.00	1.00	1.00	1.00
Cash Fare for buses & trolleys	2.00	2.00	2.00	2.00
Reduced Fare for Seniors and Disabled*	10.00	10.00	10.00	10.00

* Cost to renew pass, must be done every 2 years

Analyst Note: RIPTA has not increased the base fare of \$2.00 for buses and trolleys since FY2011. The Bureau of Labor Statistics CPI Inflation Calculator indicates that \$2.00 in January of 2011 equates to \$2.78 of purchasing power in July of 2023, a 39.0 percent increase.

Free Fare Program

RIPTA provides free bus rides to qualifying low-income seniors and people with disabilities through the Free-Fare Program. RIPTA estimates that nearly 15,000 individuals have free-fare bus passes, 10,607 individuals with disabilities, and 4,285 seniors. These pass holders take approximately 6.4 million trips annually. Passes issued through the program are good for two years and include a \$10 processing fee to renew. To qualify as a low-income senior, applicants must be over age 65 and provide proof of income through either an SSI award letter, a Medicaid eligibility notice letter, or a Supplemental Income Verification Notice. The applicant's total household income may not be more than 200.0 percent of the Federal Poverty Level, or \$36,620 for a family of two, as of 2022. To qualify as a disabled person, the applicant must provide either a Medicare card with a disability code, a Supplemental Security Income award letter, or a Certification of Disability completed by the Providence Center. The program does not provide rides for individuals who meet the income threshold but are neither seniors nor disabled.

RIPTA also offers half-fare boarding to seniors and people with disabilities, regardless of income, during off-peak hours. Participants must enroll in the program and will be issued a valid identification card. Participants are required to pay full fare during peak service hours (7 am-9 am and 3 pm-6 pm on weekdays).

Free Fare Program Changes: The Reduced Fare program was originally scheduled to begin in July 2016. Previously, eligible low-income seniors and disabled individuals had their rides fully subsidized under RIPTA's Free Fare program; however, the program contributed significantly to RIPTA's operating deficits. The Reduced Fare model was expected to help alleviate the deficit. Due to outcry from local advocacy groups, transitioning from the Free Fare program to the Reduced Fare model was effectively delayed for seven months when the General Assembly appropriated \$900,000 to RIPTA for the program in the FY2017 Budget as Enacted. Article 4 of the FY2018 Budget as Enacted, provided the Rhode Island Public Transit Authority (RIPTA) with \$5.0 million in Rhode Island Highway Maintenance Funds in both FY2018 and FY2019: \$3.4 million to fund the free-fare program for low-income senior and disabled persons, and the remaining \$1.6 million for debt service payments that were shifted back to the Authority. Article 8 of the FY2020 Budget extended the \$5.0 million in HMA funding to RIPTA indefinitely.

Low-Income Pilot Program: At the October 2022 RIPTA Board of Directors Meeting, the Board approved a pilot program that distributed 600 bus passes to agencies that service unhoused and low-income individuals. The individuals who received the bus passes met the income threshold to qualify for the current

free-fare program but did not qualify as elderly or disabled. The bus passes are valid for 6-months post-activation and have been distributed to over 10 community agencies. The Authority will collect data concerning the total number of trips taken, the routes most frequently ridden, and any overcrowding that was experienced. Upon completion, RIPTA staff will draft a report to the Board of Directors outlining the results.

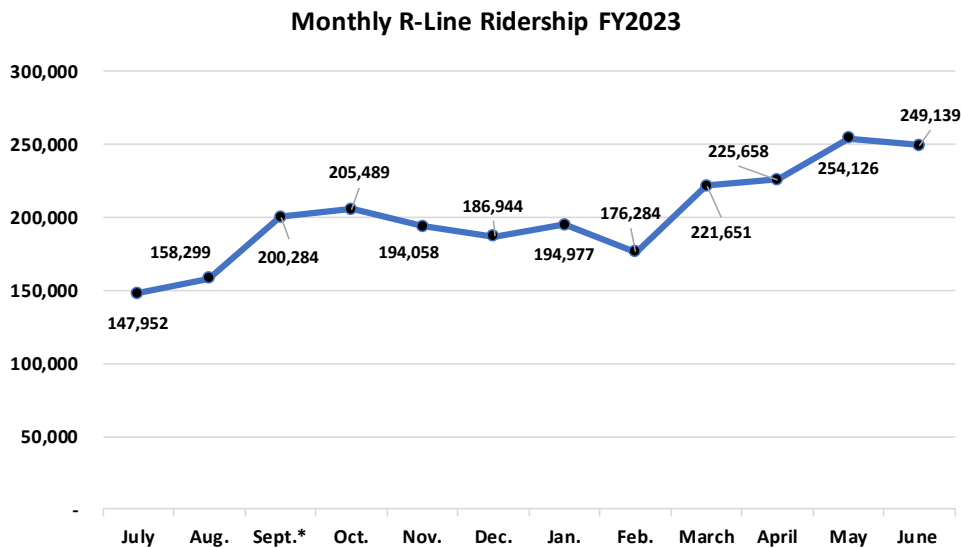
As of August 2023, the pilot program has expanded and RIPTA has issued 775 bus passes, 175 more than originally allotted. The preliminary data from March 2023 through July indicates RIPTA has provided 91,012 total trips and forgone \$182,024 in fare revenue. Additionally, individual pass usage has declined but average use per pass has increased.

R-Line Free-Fare Pilot Program: In the 2022 session, the General Assembly enacted a pilot program to offer free fares on the R-Line, RIPTA’s most frequent and highest-ridership route, which connects Providence and Pawtucket. The program began on September 1, 2022, and will have a 1-year duration.

The program was originally funded with \$2.5 million of ARPA SFRF funds in FY2023. This funding will be used to replace lost fare revenue, purchase automatic passenger counters, perform a required Federal Transit Administration Title VI Analysis, and prepare an evaluation report to the General Assembly.

The Authority indicates that the program has increased ridership but has also led to the unintended consequence of a reduction in the Authority’s Third-Party fare revenue. Colleges and other institutions that purchase bus passes have expended less than the Authority originally anticipated, resulting in a decline in revenue. Therefore, the FY2024 Budget appropriated an additional \$750,000 for the initiative, reflecting a total of \$3.3 million.

The pilot program presents a unique opportunity to study the benefits and potential drawbacks of a fare-free transit service in Rhode Island. RIPTA will analyze a variety of factors, including ridership impacts on the R-Line, other RIPTA routes, and paratransit service; service reliability; financial impacts to RIPTA and transit riders; and environmental impacts. The Authority is directed to submit a report concerning the ridership data to the Speaker of the House, President of the Senate, and the Governor by March 1, 2024. Additionally, RIPTA announced a one-month extension to the pilot in August of 2023, which will now conclude on October 1, 2023. The following graph illustrates the preliminary, R-Line ridership in FY2023. The variance between July of 2022 and June of 2023 represents a 68.4 percent increase.



*R-Line Free Fare Pilot commenced

Source: RIPTA

Transportation Coordinating Council: Pursuant to Article 4 of the FY2018 Enacted Budget, RIPTA established a coordinating council to develop recommendations for the sustainable funding of the Free Fare Bus Pass Program while maximizing the use of federal funds available to support the transportation needs of the State’s elderly and disabled populations. The Council was due to report its recommendations to the Governor, Speaker of the House, and Senate President by November 1, 2018; however, RIPTA did not present its findings until December 31, 2018.

The Council consisted of members from multiple State agencies including RIPTA; the Department of Human Services; the Executive Office of Human Services; the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals; the Office of Veteran’s Affairs; and, the Division of Elderly Affairs. The Council broke into two “working groups”, the Communications Working Group and the Bus Pass Program Funding Working Group. Although the legislation was passed in June 2017 the Council did not begin meeting until January 2018. The entire Council met a total of six times from January through December of 2018.

RIPTA estimated that the total funding gap within the Free-Fare Program will be about \$4.4 million in FY2020. Within the submitted report the main recommendation for sustainable funding was to divert an additional penny of the gas tax, or an equal amount of funding from another source, to RIPTA.

The No-Fare Bus Pass Coalition, an advocacy group that was also a member of the Council, made the following recommendations:

- A dedicated stream of state lottery or gambling revenues, such as a scratch ticket to promote public transit or earmarking a percentage of anticipated gaming revenues for RIPTA.
- Establishing a tax on ride-sharing companies, such as Uber and Lyft, with funds collected allocated to RIPTA.
- Establishing a tax on parking lots, or increasing the cost of parking, and allocating additional funds collected to RIPTA.

Although the Council was aware of these recommendations, there was no follow-up with relative Departments such as the Lottery or the Department of Revenue. The Free-Fare Program continues to be funded through the \$5.0 million appropriation to RIPTA from the HMA.

Paratransit Study: The Authority expended \$75,000 of gas tax revenue by conducting a study of their current operations and paratransit bus services, which resulted in the design of a statewide program that addresses the transportation needs of seniors and individuals with disabilities. The Authority currently offers the RIDE program, which is a paratransit service for individuals whose disabilities prevent either the independent use of the fixed route system or travel to and from bus stops. The study specifically focused on the needs of elderly and disabled individuals who use the fixed route system but do not live within three-quarters of a mile from a fixed route, as required by ADA paratransit services.

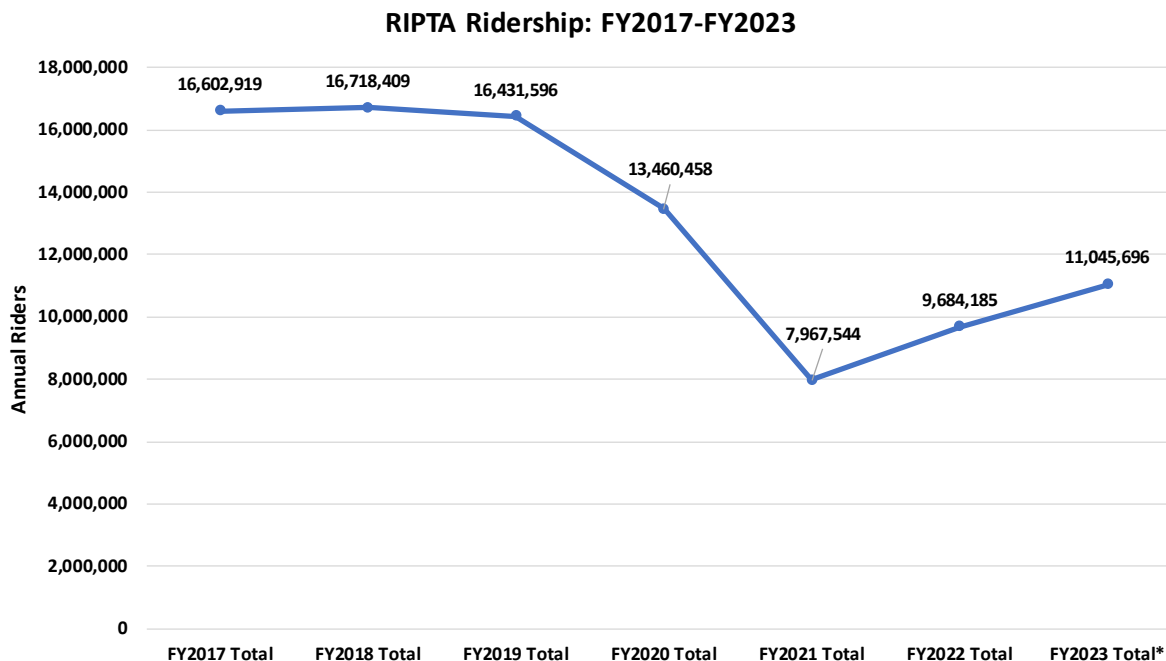
The study began in June 2022 and the completed analysis was delivered to the General Assembly in January 2023. The analysis detailed two options for statewide paratransit service, both a base and extended service, and concluded that operating costs would range from \$5.4 million for the base service to \$6.4 million for the extended service. Additionally, the study estimates that startup and capital costs range from \$3.9 million for the base service to \$4.2 million for the extended service.

Paratransit Pilot: The FY2024 Budget as Enacted directs RIPTA to operate a voucher program to further expand upon the Paratransit Study’s conclusions. The pilot program shall focus on expanding the Authority’s paratransit service to underserved communities throughout the State and will allow the Authority to further study its feasibility and implementation. Participants will be provided with prepaid vouchers to cover the expense of the paratransit service. The program must commence by January 1, 2024, and the Authority will deliver an evaluation report to the General Assembly by June 1, 2025. The FY2024 Budget as Enacted appropriates \$500,000 of RIPTA’s motor fuel tax revenue to fund the initiative.

Ridership

RIPTA offers four types of transit services: fixed route, flex service, the RId e Program, and vanpool services. Fixed route service consists primarily of regular bus service on established routes. Flex service provides van transportation within a limited geographic area. The RId e program provides transportation to eligible senior citizens and individuals with disabilities. Vanpool services, which started in FY2018, allow a group of commuters to lease a shared vehicle through Enterprise and use the vehicle daily while commuting to work. The vanpool program is mainly used by Electric Boat in Quonset Park; however, RIPTA hopes to expand this program into other areas of the State in the next few years.

In FY2021, RIPTA’s total ridership was 8.0 million passengers, a decrease of 40.7 percent from FY2020. RIPTA attributes this sharp decrease to the COVID-19 pandemic and the lack of transportation services needed. In FY2022, RIPTA’s total ridership was 9.6 million passengers, an increase of 20.3 percent from FY2021, but 28.1 percent lower than the recent peak of 16.7 million passengers in FY2018. The following graph illustrates the total ridership for RIPTA for FY2017 through FY2023.

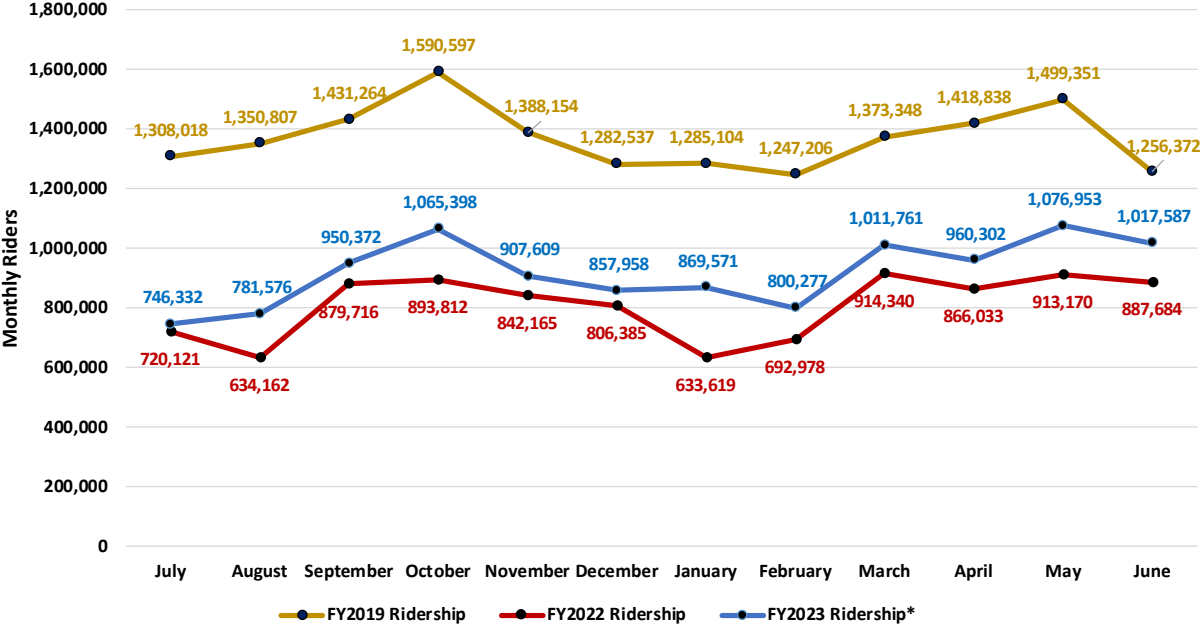


* FY2023 data is preliminary and not audited

Source: RIPTA

The following graph compares ridership data from FY2019, the fiscal year before the pandemic, to FY2022 and FY2023. While ridership has yet to return to pre-pandemic levels, the passengers who previously rode RIPTA are beginning to return and the figures are trending in a positive direction.

RIPTA Ridership: FY2019, FY2022, and FY2023

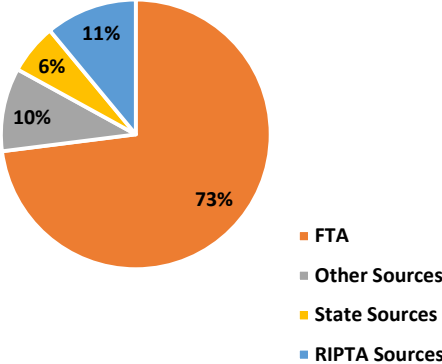


* FY2023 data is preliminary and not audited
 Source: RIPTA

SELECTED CAPITAL PROJECTS

RIPTA’s FY2023 Capital Budget includes expenditures of \$85.5 million in FY2023. 73.0 percent of the Budget’s funding is provided by the Federal Transit Administration (FTA), and the remainder is provided by other sources including Rhode Island Capital Plan (RICAP) funds. The graph displays the Authority’s funding sources for their Capital Budget.

FY2023 Capital Budget Funding Sources



Major projects include the following:

Fixed Route: The Budget includes \$32.2 million in FY2023 for the purchase of 54 fixed-route buses, including 40 diesel and 14 electric buses. RIPTA will expend \$6.4 million of gas tax revenue as a match to federal funds for the diesel bus order and use Volkswagen Settlement funds as a match for the electric buses. The Authority has three Proterra electric buses currently in use and half of the New Flyer electric bus order has arrived. RIPTA maintains a fixed-route fleet of about 245 vehicles. Federal Transit Administration (FTA) guidelines recommend that fixed route vehicles are replaced at the end of their 12-year useful life. RIPTA often uses buses past their 12-year recommended lifespan due to funding constraints.

Analyst Note: The Rhode Island Congressional Delegation secured a \$5.0 million Low-No grant in June of 2023 to provide additional funding for RIPTA's electric bus fleet.

Paratransit Vehicles: RIPTA maintains a fleet of about 100 vehicles for the paratransit program, also known as RIdE. Federal Transit Administration (FTA) guidelines recommend that Paratransit vehicles be retired at the end of their 5-year useful life. Despite uncertainties within the paratransit program, the age of the Paratransit fleet requires the continued replacement of vehicles.

Paratransit vehicles are funded via a fee charged for all trips provided through the paratransit program. The proceeds from this fee are put into the Paratransit Revolving Loan Fund, an internal RIPTA mechanism that funds the match for paratransit vehicles. Proceeds from this fee have fallen as the trip volume under the program has reduced. RIPTA continues to review this funding mechanism to determine the long-term impact on paratransit fleet replacement.

The Budget includes \$7.4 million in FY2023 for the purchase of 50 Paratransit buses for \$148,243 per vehicle. The Authority had previously purchased 25 vehicles in FY2016. The FTA pays 80.0 percent of each vehicle replacement cost and RIPTA pays a 20.0 percent local match from its revolving loan fund.

East Side Tunnel: The Budget includes a total of \$1.9 million in FY2023 and \$8.1 million in both FY2024 and FY2025, for the East Side Tunnel project. The East Side Tunnel, also known as the College Hill Tunnel, requires passenger amenity improvements, structural repairs, and safety improvements. A preliminary needs analysis and engineering design is complete and a bid for construction is projected to occur in the Summer of 2023.

The College Hill tunnel is designated as a “fixed guideway”. This designation increases the amount of funding that the State receives from the Federal Transit Administration. If repairs are not made to the tunnel, the Authority may have to discontinue its use. This would not only have a severe impact on the Authority’s Section 5307 funds but would also increase RIPTA’s operating costs, as routes would have to be reconfigured. Improving the safety of the tunnel is a major priority of the Authority.

In addition to structural concerns, the tunnel is narrow and poorly lit, which may present safety concerns. The existing bus stops at either end of the tunnel are inconveniently located and are in poor condition resulting in an unsatisfactory passenger experience. Better lighting, security cameras, and relocated bus stops will all be implemented to improve passenger safety. The following table illustrates the project expenditures in FY2023 through FY2025.

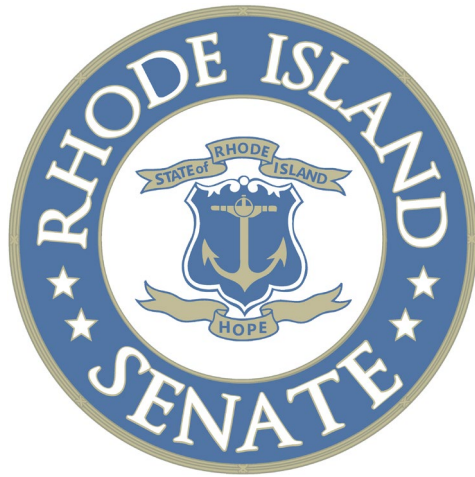
East Side Tunnel Project			
	FY2023	FY2024	FY2025
East Side Tunnel	\$1,500,000	\$6,000,000	\$6,000,000
East Side Tunnel Exterior Planning	154,675	2,000,000	2,000,000
East Side Tunnel Security	200,000	100,000	100,000
Total	\$1,854,675	\$8,100,000	\$8,100,000

Dorrance Street Transit Center: The Budget includes \$6.6 million in both FY2024 and FY2025 for the creation of the Dorrance Street Transit Center, an intermodal facility in Providence that will allow all passengers to transfer in a streamlined location. The Transit Center will be located on the blocks bounded by Dorrance Street, Friendship Street, Clifford Street, and Dyer Street and provide a single location for bus service. Additionally, the Transit Center is expected to be a mixed-use development area with the expansion of nearby retail and housing locations. The project will be funded with the balance of the 2014 Transit Bond, which is approximately \$22.0 million. An RFP was issued on January 17, 2023, and the project will be a Public Private Partnership (P3).

As of August 2023, RIPTA received one response from the RFP and the Authority's Evaluation Team scored the proposal from Next Wave Partners a 95 out of 100. Next Wave Partners is a consortium comprised of Gilbane Development Company, Plenary Americas, Marsella Development, Gilbane Building Company, CUBE 3, and Jacobs. The Board approved the recommended proposal at the August 2023 Board of Directors Meeting.

Updated figures and information from RIPTA following the approval of the FY2023 Budget, indicate that the \$22.0 million balance of the 2014 Transit Bond will cover preliminary services for the project. These services include design, engineering, and financing, as well as site selection. RIPTA does not currently have property rights to the Dorrance Street location and part of the service includes selecting an agreeable location.

Analyst Note: It is currently unclear if the proposed Dorrance Street location will be the final site.



SPECIAL REPORTS

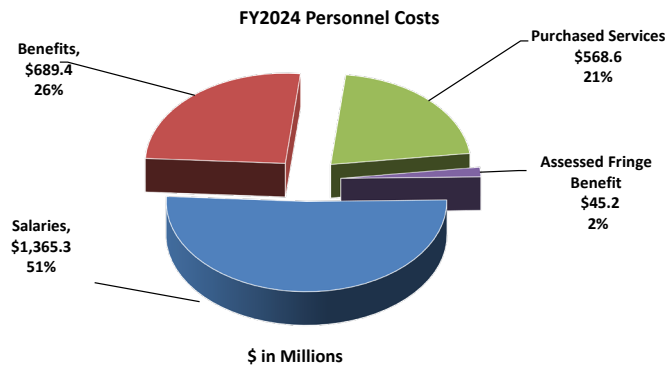
Personnel

The FY2024 Budget includes a total of \$2,668.5 million for personnel expenditures, an increase of \$21.2 million compared to the FY2023 Budget as Enacted, and \$83.1 million more than the FY2023 Final Budget. Salaries and benefits total \$2,054.7 million and comprise 77.0 percent of FY2024 personnel expenditures (55.2 percent of the salaries and benefits costs are supported by general revenue).

The FY2023 Final Budget includes \$2,585.4 million for personnel expenditures, a decrease of \$61.9 million compared to the FY2023 Budget as Enacted. Salaries and benefits total \$1,954.2 million and comprise 75.6 percent of FY2023 revised personnel expenditures (55.0 percent of the salaries and benefits costs are supported by general revenue). Purchased services decrease by \$29.0 million.

PERSONNEL EXPENDITURE TRENDS

Expenditures for salaries in FY2024 total \$1,365.3 million, comprising 51.0 percent of total personnel costs, an increase of \$39.5 million (3.0 percent) from the FY2023 Budget as Enacted, primarily reflecting the statewide COLA adjustments. Total benefit costs, excluding assessed fringe benefits costs, amount to \$689.4 million and comprise 26.0 percent of total personnel costs. Benefits increase \$29.0 million, 4.4 percent, from the FY2023 Budget as Enacted, primarily due to increased retirement, payroll accrual, health costs, and FICA social security costs. Purchased services costs are \$568.6 million, 21.0 percent, of the total personnel costs. Purchased services decrease by \$48.1 million, 7.8 percent, from the FY2023 Budget as Enacted.



Expenses by Description	FY2021		FY2022		FY2023 Enacted	% of Total	FY2023 Final		FY2024 Enacted	
	Actual	% of Total	Actual	% of Total			Final	% of Total	Enacted	% of Total
Salaries	\$1,161.1	48%	\$1,213.0	49%	\$1,325.8	50%	\$1,303.0	50%	\$1,365.3	51%
Benefits	549.0	23%	582.4	24%	660.4	25%	651.2	25%	689.4	26%
Purchased Services	641.6	27%	622.5	25%	616.7	23%	587.7	23%	568.6	21%
Assessed Fringe Benefits	42.7	2%	37.5	2%	44.4	2%	43.5	2%	45.2	2%
Total	\$2,394.4	100%	\$2,455.4	100%	\$2,647.3	100%	\$2,585.4	100%	\$2,668.5	100%

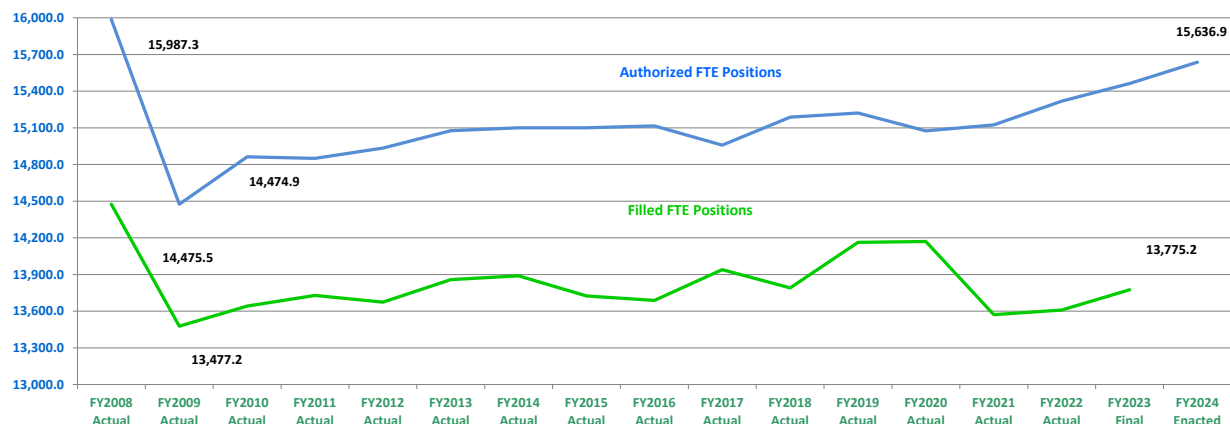
\$ in millions. Totals may vary due to rounding.

Expenses by Function	FY2021 Actual	FY2022 Actual	FY2023 Enacted	FY2023 Final	FY2024 Enacted	% of Pers. Budget	FY2024 General Revenue	
							General Revenue	FY2024 General Revenue %
General Government	\$321.0	\$306.6	\$327.6	\$314.7	\$335.8	12.6%	\$187.6	14.8%
Human Services	760.0	770.2	793.0	717.5	739.8	27.7%	315.3	24.9%
Education	664.9	696.9	771.7	784.8	798.8	29.9%	229.4	18.1%
Natural Resources	61.6	67.9	75.6	74.9	77.1	2.9%	44.6	3.5%
Public Safety	457.3	478.2	515.9	532.1	547.0	20.5%	491.4	38.7%
Transportation	129.6	135.5	163.5	161.4	170.0	6.4%	-	-
Total	\$2,394.4	\$2,455.4	\$2,647.3	\$2,585.4	\$2,668.5	100.0%	\$1,268.3	100.0%

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

FTE POSITIONS

The FY2024 Budget authorized 15,636.9 FTE positions. At the start of the fiscal year, 13,775.2 FTE positions (89.1 percent of the enacted authorized amount) were filled, leaving 1,680.3 FTE positions vacant, a rate of 10.9 percent. During FY2023, the State averaged 13,715.1 FTE positions.



The following table illustrates the number of FTE positions by government function.

Government Function	FY2023 Enacted	FY2023 Final	Change to Enacted	FY2024 Enacted	% of Total	Change to Enacted
General Government	2,494.4	2,494.4	-	2,533.4	16.2%	39.0
Human Services	3,734.3	3,742.3	8.0	3,795.3	24.3%	61.0
Education	4,223.4	4,223.4	-	4,242.8	27.1%	19.4
Public Safety	3,275.6	3,275.6	-	3,333.6	21.3%	58.0
Natural Resources	449.0	449.0	-	457.0	2.9%	8.0
Transportation	755.0	755.0	-	755.0	4.8%	-
Subtotal	14,931.7	14,939.7	8.0	15,117.1	96.7%	185.4
Sponsored Research	523.8	523.8	-	519.8	3.3%	(4.0)
Total FTE Positions	15,455.5	15,463.5	8.0	15,636.9	100.0%	181.4

FY2023: The FY2023 Supplemental Budget proposes 15,463.5 FTE positions, a net increase of 8.0 FTE positions from the FY2023 Budget as Enacted.

- **An increase of 8.0 positions in the Department of Health:** The Revised Budget adds 8.0 FTE positions in the Division of Environmental Health.

Analyst Note: On February 24, 2023, the Governor, the Speaker of the House, and the President of the Senate signed a letter, in accordance with Article 1, Section 11 of the FY2023 Appropriations Act (H-7123Aaa), that increases the Department of Health’s FTE cap by the 8.0 FTEs noted above effective immediately.

FY2024: The FY2024 Budget proposes 15,636.9 FTE positions, a net increase of 181.4 FTE positions from the FY2023 Budget as Enacted and an increase of 45.4 FTE positions from the Governor’s recommendation for the FY2024 Budget. Following are changes in the FY2024 Budget as Enacted:

- **An increase of 39.0 positions in the Department of Health:** The Budget adds 13.0 FTE positions to the Department, including 7.0 FTE positions in the Division of Community Health and Equity, 1.0 in Customer Services, 1.0 in Policy, Information, and Communications, and 4.0 positions in the Division of Preparedness, Response, Infectious Disease, and Emergency Medical Services, 8.0 positions in the Division of Environmental Health, and a 1.0 Forensic Scientist position within the Health Laboratories and Medical Examiner Program to support a proposed new DNA auditing initiative. In addition, the Budget reverses the Governor’s recommendation to transfer the Family Home Visiting and Health

Equity Zones Initiative to the Executive Office of Health and Human Services, restoring 7.0 FTE positions to the Department. An additional 10.0 FTE unidentified positions are added in response to the Department receiving various grants.

- **An increase of 38.0 FTE positions in the Department of Housing:** The Budget adds a total of 38.0 FTE positions for the new Department of Housing, including 17.0 FTE positions being transferred from the Executive Office of Commerce. The additional 21.0 FTE, include 9.0 Analyst positions, 5.0 Programming Officer positions, 2.0 legal positions, 2.0 Compliance Officer positions, 2.0 public affairs positions, and 1.0 Chief of Staff position.
- **An increase of 33.0 FTE positions in the Department of Corrections:** The Budget adds 32.0 FTE positions to the Department’s new Behavioral Management Unit including 28.0 Correctional Officers, 1.0 Administrative Officer, 1.0 Programming Services Officer, 1.0 Adult Counselor, and 1.0 Clinical Social Worker. The Budget also adds 1.0 new FTE position for the Special Services Unit. The new position will be responsible for monitoring inmate behavioral time awards and maintaining the Transfer from Prison to the Community database (TPCDS), which records all inmate programming and group activities subject to good time awards and compliance with court requirements.
- **A decrease of 15.0 FTE positions in the Executive Office of Commerce:** The Budget includes a total of 5.0 FTE positions within the Executive Office of Commerce, a net decrease of 15.0 positions. The Budget adds 1.0 Administrative Secretary position and 1.0 Fiscal Officer position while transferring 17.0 FTE positions from the Office of Housing and Community Development to the new Department of Housing.
- **An increase of 15.0 FTE positions in the Office of the Attorney General:** The Budget adds 15.0 new FTE positions to the Office of the attorney General including, 5.0 new FTE positions, assigned to the Civil Division’s Government Litigation Team, 2.5 new FTE positions, assigned to the Criminal Division’s Narcotics and Organized Crime Unit, 2.5 new FTE positions to create the Criminal Division’s Cold Case Unit, 2.0 FTE new positions within the Civil Division’s Office of the Healthcare Advocate, 1.0 new FTE attorney position to serve as the Energy Advocate on behalf of Rhode Island, 1.0 new FTE attorney position to be assigned to the Civil Division’s Public Protection Bureau, and 1.0 new FTE position within the Criminal Division to manage the intake and use of police body-worn camera videos.
- **An increase of 14.0 FTE positions in the Executive Office of Health and Human Services:** The increase includes 7.0 FTE positions for core structure staffing; 3.0 FTEs for the Public Health Emergency Unwinding, 3.0 Medicaid Eligibility Quality Control FTE positions transferred from the Department of Human Services; and, 1.0 FTE position for the Certified Community Behavioral Health Clinics.
- **An increase of 12.0 FTE positions in the Department of Administration:** The Budget adds 12.0 FTE positions to the Department, including 2.0 FTE positions in the Office of Management and Budget, 2.0 FTE positions in Central Management, 2.0 FTE positions in Planning, 2.0 FTE positions in Purchasing, 2.0 FTE positions in Human Resources, 1.0 FTE position in the Division of Equity, Diversity, and Inclusion, and 1.0 FTE in HealthSource Rhode Island. 9.0 new FTE positions will be funded by general revenue, 1.0 FTE positions by restricted receipts, and 2.0 FTE positions from internal service funds.
- **An increase of 11.0 FTE positions in Public Higher Education:** The increase is due to the addition of 7.0 FTE positions for the Rhode Island Longitudinal Data System (RILDS) and the shift of 4.0 FTE positions from the “third-party pay” University of Rhode Island sponsored research status to higher education positions. The shift reflects 3.0 FTE positions for the Rhode Island Reconnect program; and 1.0 Director of P-20 Readiness and Transition position.

- **An increase of 8.0 FTE positions in the Department of Environmental Management:** The 8.0 new FTE positions are federally funded and will support new initiatives to address environmental protection, wildlife conservation, environmental justice, and climate change.
- **An increase of 8.0 positions in the Department of Elementary and Secondary Education:** The Budget adds 8.0 new FTE positions within the Department, including an Assessment Specialist, an Education Specialist, a Transformation Specialist, a Multi-Lingual Learner Specialist, 3.0 new FTE positions for professional development and training for the Department to facilitate individual education plans (IEPs) and federal 504 special education services, and 1.0 new FTE Senior Finance Officer for Business Management.
- **A decrease of 4.0 FTE University of Rhode Island sponsored research positions:** The decrease reflects the shift of 4.0 FTE positions from the “third-party pay” University of Rhode Island sponsored research status to higher education positions. The shift reflects 3.0 FTE positions for the Rhode Island Reconnect program; and 1.0 Director of P-20 Readiness and Transition position.
- **An increase of 4.0 FTE positions in the Judiciary:** The Budget includes 4.0 new FTE positions within the Family Court to establish a Temporary Restraining Order Unit. The Unit would provide a one-stop shop by putting the relevant Advocates Office, Temporary Restraining Order Department, and Courtroom on the same floor.
- **An increase of 4.0 FTE positions in the Office of the Public Defender:** The Budget adds 2.0 FTE Public Defender IV positions and 2.0 FTE Assistant Public Defender FTE positions to the Office. The Office indicates that it is currently suffering from a well-documented caseload crisis and require additional staff to provide legal representation to the State’s indigent population.
- **An increase of 3.0 FTE positions in the Department of Children, Youth, and Families:** The Budget adds 3.0 FTE Juvenile Program Worker positions for the Rhode Island Training School (RITS) within the Youth Development Services program.
- **An increase of 3.0 positions in the Department of Human Services:** The Budget has a net increase of 3.0 FTE positions to the Department, including 4.0 FTE positions in the Office of Veterans Services, a decrease of 3.0 FTE positions in the Division of Health Care Eligibility, an increase of 2.0 FTE positions within the Office of Healthy Aging (OHA) to support adult protective services and to aid the adult protective services team as an intake worker to screen calls based on increased workload.
- **An increase of 2.0 FTE positions in the Office of the Secretary of State:** The Budget adds a 1.0 Legal Counsel position instead of relying on outside legal contracted services and adds a 1.0 Network IT Manager position, to manage, maintain, document, and operate the Office of the Secretary of State’s IT network.
- **An increase of 2.0 FTE positions in the Office of the General Treasurer:** The Budget adds a 1.0 Cash Management Risk Mitigation Coordinator position to manage the daily cash movement and to assist the Cash Manager to implement risk management plans, and adds a 1.0 Retirement Counselor position.
- **An increase of 2.0 FTE positions in the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals:** The Budget adds 2.0 FTE positions to the Department for positions related to the Consent Decree and the rate remodel process.
- **An increase of 2.0 FTE positions in Emergency Management:** The Budget adds a 1.0 Fiscal Management Officer and a 1.0 Emergency Communications Technician. The positions are fully federally funded and will provide support to the finance and grants office and to support the State’s Rhode Island Statewide Communications System Network (RISCON).

- **An increase of 0.4 FTE position in the Rhode Island Council on the Arts:** The Budget upgrades one part-time FTE position to a full-time FTE Deputy Director in the Film and Television Office. This increases the Council's FTE authorization from 9.6 to 10.0.

STATE EMPLOYEE CONTRACT AGREEMENT

The previous state employee collective bargaining agreements (CBAs) between the State and the state employee bargaining units included a 4-year contract that concluded June 30, 2020. Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023.

The contract with the State Police was ratified on March 12, 2022. The current agreement is projected to increase general revenue expenditures by \$199.8 million (\$323.9 million all funds) over the contract period.

Effective Date	Percentage Increase
30-Jun-02	4.5%
27-Jun-04	1.5%
25-Jun-05	2.5*
26-Jun-05	4.0%
25-Jun-06	3.0%
24-Jun-07	3.0%
21-Jun-09	2.5%
2-Jan-11	3.0%
19-Jun-11	3.0%
6-Apr-14	2.0%
5-Oct-14	2.0%
4-Oct-15	2.0%
1-Jan-18	2.0***
1-Jan-19	2.5%
1-Jul-19	2.0%
1-Jan-20	1.0%
1-Jul-20	2.5***
2-Jul-21	2.5***
1-Jul-22	2.5%
1-Jul-23	2.5%

*Not compounded on 1.5%

** Retroactive payment to January 1, 2018

*** Retroactive payments paid April 1 and April 29, 2022

State Employees - COLA Adjustments	General				General	
	Revenue	All Funds	GR Bonus	AF Bonus	Revenue	All Funds
Year 1 Retroactive Pay Raise: 2.5%	\$18.7	\$27.5	\$0.0	\$0.0	\$18.7	\$27.5
Year 2 Pay Raise: 2.5%	15.2	30.6	4.5	8.9	38.4	67.0
Year 3 Pay Raise: 2.5%	14.8	25.8	4.6	9.0	53.3	92.9
Year 4 Pay Raise: 2.5%	16.4	28.3	-	-	65.1	112.2
Total					\$175.5	\$299.6

State Colleges - COLA Adjustments	General				General	
	Revenue	All Funds	GR Bonus	AF Bonus	Revenue	All Funds
Year 1 Retroactive Pay Raise: 2.5%	\$2.0	\$2.0	\$0.0	\$0.0	\$2.0	\$2.0
Year 2 Pay Raise: 2.5%	2.2	2.2	1.7	1.7	5.9	5.9
Year 3 Pay Raise: 2.5%	2.1	2.1	1.7	1.7	8.0	8.0
Year 4 Pay Raise: 2.5%	2.1	2.1	-	-	8.4	8.4
Total					\$24.3	\$24.3

\$ in millions

\$199.8 \$323.9

TURNOVER

The FY2024 Budget lists turnover as a natural account under the personnel category. This practice started with Governor's recommendation for the FY2020 Budget. As illustrated in the table, the FY2023 Budget as Enacted contained \$38.5 million in turnover savings, of which \$29.2 million or 75.7 percent consisted of general revenue funds. The FY2023 Final Budget increases total turnover to \$86.1 million, reflecting increased savings of \$47.6 million in the supplemental budget. For FY2024, the Budget includes turnover savings of \$80.2 million, of which \$45.2 million, or 56.3 percent, reflects general revenue.

Turnover by Funding Source

Funding Source	FY2023 Enacted	FY2023 Final	Change	FY2024 Enacted	Change
General Revenue	(\$29,161,466)	(\$39,109,984)	(\$9,948,518)	(\$45,160,634)	(\$15,999,168)
Federal Funds	(6,387,938)	(39,477,206)	(33,089,268)	(28,106,226)	(21,718,288)
Restricted Receipts	(477,620)	(1,205,759)	(728,139)	(648,977)	(171,357)
Other Funds	(2,489,447)	(6,325,273)	(3,835,826)	(6,258,346)	(3,768,899)
Total	(\$38,516,471)	(\$86,118,222)	(\$47,601,751)	(\$80,174,183)	(\$41,657,712)

In FY2024, turnover is stated in 26 agency budgets. The following table illustrates the top agencies with all fund turnover savings exceeding \$1.0 million.

Turnover by Agency

Turnover by Agency	FY2023			FY2024	
	Enacted	FY2023 Final	Change	Enacted	Change
BHDDH	(\$5,367,735)	(\$41,011,576)	(\$35,643,841)	(\$40,492,130)	(\$35,124,395)
Department of Corrections	(8,177,805)	(9,280,036)	(1,102,231)	(9,173,770)	(995,965)
Community College of Rhode Island	(2,138,020)	(4,240,772)	(2,102,752)	(4,355,380)	(2,217,360)
Department of Revenue	(3,217,453)	(4,281,257)	(1,063,804)	(4,030,352)	(812,899)
DCYF	(2,337,527)	(3,706,270)	(1,368,743)	(3,706,270)	(1,368,743)
Judiciary	(1,938,198)	(2,471,072)	(532,874)	(2,692,397)	(754,199)
Rhode Island College	-	(2,230,560)	(2,230,560)	(2,617,701)	(2,617,701)
Department of Human Services	(4,668,559)	(3,419,974)	1,248,585	(2,598,339)	2,070,220
Department of Public Safety	(1,139,739)	(4,083,079)	(2,943,340)	(2,197,827)	(1,058,088)
Department of Transportation	(1,750,183)	(1,737,851)	12,332	(1,544,259)	205,924
Elementary and Secondary Education	(1,419,841)	(1,710,050)	(290,209)	(1,369,454)	50,387
EOHHS	(1,481,647)	(1,535,203)	(53,556)	(1,381,994)	99,653
All Other Agencies	(4,879,764)	(6,410,522)	(1,530,758)	(4,014,310)	865,454
Total	(\$38,516,471)	(\$86,118,222)	(\$47,601,751)	(\$80,174,183)	(\$41,657,712)

PURCHASED SERVICES

Purchased services expenditures provide for contractors (non-state employees) who deliver special expertise to the State or where the work is temporary or project-specific. There are 10 categories of purchased services: seven of the 10 categories: Management and Consultant Services, Training and Educational Services, Information Technology, Design and Engineering, Other Contracts, Medical Services, and University and College Services, comprise 93.7 percent of the total FY2024 purchased service expenditures in the Budget.

	FY2021	FY2022	FY2023	FY2023	FY2024	
Purchased Services	Actual	Actual	Enacted	Final	Enacted	Change
Management & Consultant Services	\$154.7	\$128.2	\$175.8	\$130.0	\$162.7	(\$13.1)
Training and Educational Services	79.4	81.0	115.8	121.7	107.5	(8.3)
Information Technology	72.4	123.7	113.3	129.5	107.2	(6.1)
Design and Engineering Services	58.3	60.0	66.1	71.3	70.1	4.0
Other Contracts	53.3	40.5	40.7	16.3	33.1	(7.6)
Medical Services	151.7	111.0	35.7	40.4	30.1	(5.6)
University and College Services	21.0	24.0	23.0	23.2	21.7	(1.3)
Clerical and Temporary Services	29.6	31.5	26.8	32.3	14.6	(12.2)
Legal Services	8.6	9.9	10.1	11.0	10.8	0.7
Buildings and Ground Maintenance	12.6	12.7	9.6	11.9	10.6	1.0
Total	\$641.6	\$622.5	\$616.9	\$587.6	\$568.6	(\$48.3)

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

The FY2024 Budget as Enacted includes \$568.6 million for purchased service expenses, of which \$300.5 million is federal funds (52.9 percent) and \$110.6 million (19.4 percent) is general revenue. Approximately \$96.9 million in the FY2023 Final Budget and \$55.6 million in the FY2024 Budget reflect COVID-19 response federal funds. The FY2024 Budget reflects a decrease of \$48.3 million from the FY2023 Budget as Enacted and a decrease of \$19.1 million from the FY2023 Final Budget. Eleven state departments account for \$507.1 million (89.2 percent) of the appropriation for purchased services, of which two departments have significant changes; Department of Health with a decrease of \$50.9 million (60.5 percent decrease); and, Elementary and Secondary Education with a decrease of \$13.8 million (13.8 percent decrease).

Purchased Services	FY2023	FY2023	FY2024		General
	Enacted	Final	Enacted	Change	Revenue
EOHHS	\$173.1	\$142.7	\$174.7	\$1.6	\$26.8
Elementary and Secondary Education	99.4	99.6	85.6	(13.8)	10.2
Department of Transportation	64.8	66.9	67.6	2.8	-
Department of Human Services	40.2	41.1	41.5	1.3	16.9
University of Rhode Island	25.6	27.8	29.1	3.5	4.1
Department of Health	84.2	71.7	33.3	(50.9)	3.0
Department of Administration	19.5	20.9	22.2	2.7	5.5
Department of Corrections	15.2	18.2	17.7	2.5	15.6
Office of the Postsecondary Commissioner	2.0	2.2	11.7	9.7	0.7
Department of Revenue	10.3	10.3	10.2	(0.1)	6.3
BHDDH	11.7	16.2	13.3	1.6	6.2
Department of Environmental Management	10.2	11.1	9.6	(0.6)	1.0
Department of Labor and Training	9.2	8.1	7.9	(1.3)	0.1
DCYF	6.7	8.7	7.1	0.4	3.1
Office of the General Treasurer	6.0	5.9	6.2	0.2	0.3
Department of Business Regulation	5.1	5.1	4.1	(1.0)	1.6
Community College of Rhode Island	3.9	4.8	3.8	(0.1)	1.8
Rhode Island College	3.3	3.8	3.8	0.5	1.4
Public Utilities Commission	3.5	3.6	3.7	0.2	-
All Other Agencies	23.0	19.0	15.2	(7.8)	6.0
Total	\$616.9	\$587.7	\$568.6	(\$48.3)	\$110.6

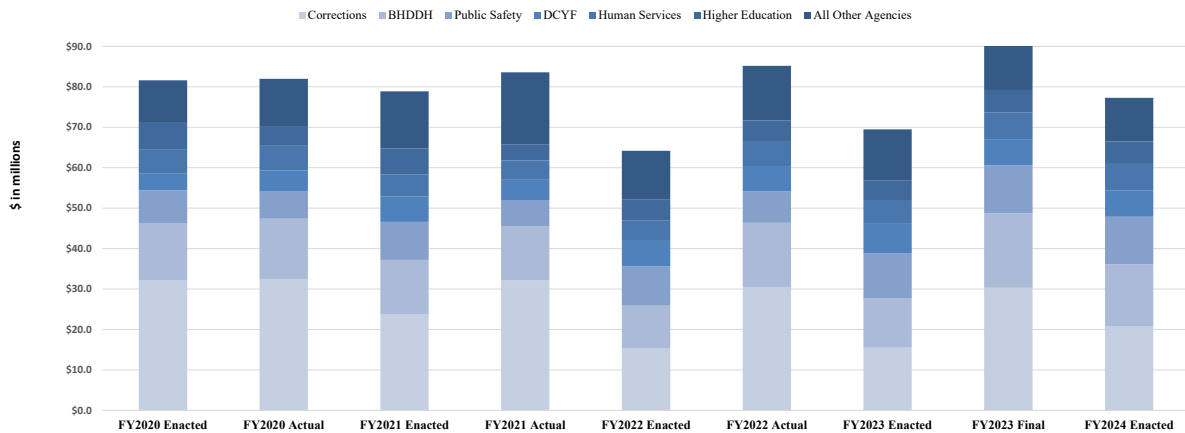
\$ in millions. Totals may vary due to rounding.

OVERTIME

The adjusted overtime costs in the FY2024 Budget as Enacted total \$77.3 million, \$7.8 million more than the FY2023 Budget as Enacted and \$14.7 million less than proposed in the FY2023 Final Budget.

General revenue supports 63.1 percent of overtime expenses in FY2024 and comprises 68.7 percent of the expenses in the FY2023 Final Budget. 38.2 percent of the total FY2023 projected overtime expenditures for the State occur with the Department of Corrections, which is projected to decrease to 31.1 percent in FY2024. As shown in the following chart, actual overtime expenses often exceed budgeted amounts.

Overtime Costs

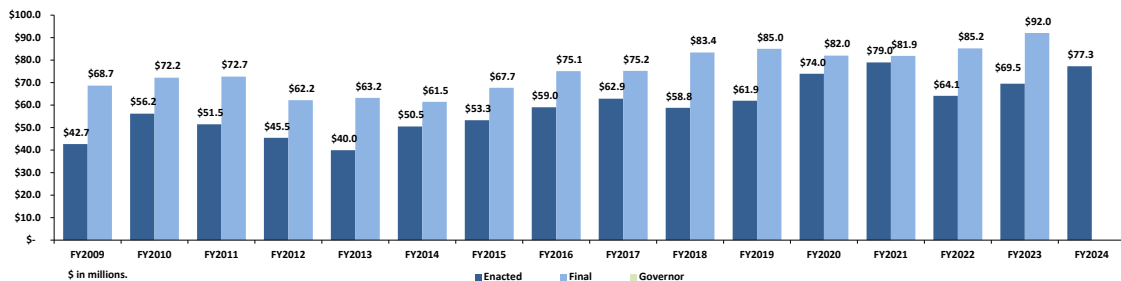


Overtime costs often result from staffing shortages, due either to high turnover rates or insufficient FTE authorizations in the enacted budget. Where there are state or federally mandated minimum staffing levels (such as at Eleanor Slater Hospital in BHDDH), or caseload-driven personnel requirements (such as inmate population levels at the Department of Corrections) agencies must use overtime or contract personnel to provide adequate coverage.

- Department of Corrections:** The FY2024 Budget includes a net increase of \$5.3 million in overtime expenditures within the Department, reflecting a total of \$20.7 million in overtime expenditures. The Custody and Security program exhibits the largest variance, increasing by \$4.8 million from the FY2023 Budget as Enacted. \$4.6 million of the total increase relates to Governor’s Budget Amendment 11, dated April 17, 2023, which adjusts the Budget to reflect the recently ratified Rhode Island Brotherhood of Correctional Officers contract.
- BHDDH:** The FY2024 Budget for BHDDH includes \$15.4 million in overtime expenses. \$2.8 million of that is within the RI Psychiatric Hospital. The hospital had no overtime budget for FY23 because it did not exist yet, so that would likely explain most of the increase.
- Department of Public Safety:** The FY2024 Budget includes a net increase of \$692,710 in overtime expenditures within the Department, reflecting a total amount of \$11.8 million. Contractual overtime, which is provided to detectives, specialty unit members and adjudication members regardless of the hours worked, realized the most significant increase, rising by \$844,008 when compared to the FY2023 Budget as Enacted. The increase is due to improper accounting in the FY2023 Budget, which has since been rectified. Additionally, the Department indicates that the contract values of positions within the newly executed agreement account for the increase as well.

The following chart illustrates the variances between the enacted and actual expenditures for overtime costs. The average variance is \$16.7 million over the FY2009 to FY2023 term of the chart.

Overtime Expenditures, in Millions



Revenue

The Budget includes \$5,276.3 million in revenues in FY2024, \$177.4 million above the November 2022 revenue estimate, including the annually-enacted hospital license fee. The Budget includes \$212.8 million for the fee. New revenue initiatives include a three-month suspension of the gross earnings tax paid by utility companies in order to provide relief to customers, an increase in the State's earned income tax credit, and an increase in the tax credit cap for scholarship donations. The revenue changes are summarized in the following table and elaborated on below:

Revenue Initiatives	FY2024
EOHHS Revenue Initiatives	\$212.8
PSCT Changes (Utility Bill Relief)	(35.6)
May 2023 REC	2.9
EITC Increase	(1.1)
License Fees to Highway Maintenance Account	(1.0)
Miscellaneous Revenue Changes	(0.6)
Scholarship Organization Tax Credit Increase	(0.1)
Total	\$177.4

\$ in millions

EOHHS Revenue Initiatives

\$212.8 million

The Budget includes a net \$212.8 million increase related to revenue changes associated with the following EOHHS initiatives:

- Hospital License Fee:** The Budget assumes \$212.8 million in departmental receipt collections related to the fee that hospitals must pay to operate in Rhode Island. The fee must be reauthorized by the General Assembly each year and is determined by applying a statutorily-prescribed percentage to a hospital's income that is derived from patient services. The new revenue assumed in the budget is based on a rate of 5.78 percent. Article 9 authorizes the collection of a hospital license fee in FY2024. The fee is equal to a percentage of net patient revenues for hospitals that varies based on a new multi-tiered hospital classification. According to the Office of Management and Budget this structure is considered best practice and is being required by the Centers for Medicare and Medicaid Services. The tiers and their associated rates are summarized in the following table.

Tier	Hospital Classification	Inpatient Fee	Outpatient Fee
1	Non Tier 2 or 3 Organizations	13.12%	13.30%
2	High Medicaid/Uninsured	2.63%	2.66%
3	Medicare-Designated Low Volume	1.31%	1.33%
4	State-Government Owned	5.25%	5.25%

The Budget includes \$212.8 million in new fee revenues that were not included in the November 2022 adopted revenue estimate.

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

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

PSCT Changes (Utility Bill Relief)**(\$35.6 million)**

The Budget shifts the Governor's proposed suspension of the Public Service Corporation Tax from FY2023 to FY2024. Article 4 of the Budget provides a rebate on the collection of the public service corporations tax (PSCT) on gross receipts of electric and gas utilities for the period of December 2023 through March 2024. Public utilities would continue to collect and remit taxes but will be required to provide a credit to commercial and residential customers for the stated period, effectively reducing their bills during that time. The changes to the PSCT included in Article are estimated to result in a \$35.6 million revenue reduction in FY2024 only.

May 2023 REC**\$2.9 million**

The May 2023 Revenue Estimating Conference (REC) reduced its personal income tax revenue estimate from November by \$92.7 million. Business and sales taxes were revised upwards by \$13.5 million and \$31.9 million, respectively, from November. These adjustments, along with other offsets and increases in other revenue sources (lottery, excise taxes, etc.), net the overall \$2.9 million increase above the November 2022 estimates.

EITC Increase**(\$1.1 million)**

The Budget includes a \$1.1 million reduction in revenue as compared to the Governor's recommendation for FY2024 by providing for 1.0 percentage point increase in the earned income tax credit. Article 4 of the Budget increases the State's earned income tax credit (EITC) from 15.0 percent of the federal credit amount to 16.0 percent, beginning in Tax Year 2024. The credit is refundable for low- and moderate-income working individuals whereby the credit can go beyond reducing an individual's tax liability to zero to producing a credit that is greater than the amount of tax owed, thus representing a cash payment to the filer. It is designed to work in tandem with other cash transfer programs to encourage employment among low-income families. As income rises, cash benefits decrease and the EITC transfer increases as an offset, and in essence, replaces cash benefits and thus encourages employment.

Under current law, the EITC was claimed by an average of 82,905 taxpayers for the Tax Years 2018-2020 (most recent Rhode Island Tax Expenditure Report). The Office of Revenue Analysis estimates that the changes in this section will result in \$1.1 million loss of revenue in FY2024 and grows to \$2.3 million in FY2025.

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

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

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

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

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

- **Litter Control Permit Repeal:** Article 4 of the Budget repeals portions of the Taxation of Beverage Containers, Hard-to-Dispose Material, and Litter Control Participation Permittee Act (RIGL 44-44) originally enacted in 1984 to provide funding for a litter reduction and recycling program. Under the act establishments that sell food and/or beverages on a takeout or to go basis must obtain a litter control participation permit and to pay a fee based on prior year gross receipts. The Budget eliminates the permit requirement and the fee. Based on a January 1, 2024, effective date, this initiative is expected to produce a revenue loss of \$815,564 in FY2024.
- **Central Falls School Debt Service Reimbursement:** In 2021, the General Assembly enacted the Rhode Island Health and Education Building Corporation Act which required the City of Central Falls to enter into agreement with the State to provide a 2.5 percent local share debt service payment to the State in turn for State issuing school construction bonds on behalf of the City at a more beneficial interest rate. The FY2024 obligation represents a \$333,875 increase in other miscellaneous revenues.
- **Repeal of Trooper Trainee Meal Reimbursement:** Rhode Island law currently requires individuals enrolled in the State Police and Municipal Training Academies to reimburse the State for the cost of meals consumed while attending. Rhode Island is the only state in New England that requires this reimbursement, and the Department of Public Safety believes rescinding it will allow for the recruitment of a stronger candidate pool. The Budget accounts for this change in Article 3, which would result in an \$88,800 loss in general revenue from State Trooper Trainees. Of note, the article strikes the meal reimbursement requirement for both State Police and Municipal Police trainees; however, according to the Department, municipal police trainees are not currently reimbursing the state so there is no fiscal impact associated with that portion of the amendment.

Scholarship Organization Tax Credit Increase**\$100,000**

The Budget increases the program cap on the State's contribution to scholarship organizations tax credit from \$1.5 million annually to \$1.6 million. The credit is offered to businesses that contribute to scholarship organizations for non-public K-12 schools in Rhode Island. Contributors may claim a 75.0 percent credit for donations for a one-year contribution, and up to 90.0 percent in cases where the contribution is made in two consecutive fiscal years. The credits are capped at \$100,000 per business, per fiscal year, and under current law, \$1.5 million statewide in any given fiscal year. The Division of Taxation issues tax credit certificates to qualifying companies. The credit may be used towards personal income and business taxes. The increase would result in a \$100,000 loss in FY2024.

	FY 2023 Final Enacted	FY 2024 Enacted
Personal Income Tax	\$1,813.7	\$1,885.7
General Business Taxes		
Business Corporations	262.6	276.0
Public Utilities Gross Earnings	99.2	65.3
Financial Institutions	34.4	34.5
Insurance Companies	157.1	158.20013
Bank Deposits	4.7	4.6
Health Care Provider Assessment	39.5	41.2
Sales and Use Taxes		
Sales and Use	1,579.0	1607
Motor Vehicle	1.0	-
Cigarettes	133.6	122.9
Alcohol	22.5	22.5
Other Taxes		
Inheritance and Gift	77.6	55.5
Racing and Athletics	0.5	0.5
Realty Transfer	17.0	15.3
Total Taxes	4,242.4	4,289.1
Departmental Receipts	478.0	518.0
Taxes and Departmentals	4,720.4	4,807.1
Other Sources		
Other Miscellaneous	29.9	24.1
Lottery	434.2	428.6
Unclaimed Property	14.7	16.5
Other Sources	478.8	469.2
Total General Revenues	5,199.2	5,276.3
Personal Income Tax		
Estimated	275.0	282.8
Finals	502.0	508.1
Refunds	(466.3)	(441.1)
Withholding	1,496.0	1,535.0
Net Accrual	7.0	0.9
Total Personal Income Tax	1,813.7	1,885.7
Insurance Companies		
Personal and Casualty	92.3	90.3
Medical/HMO	64.8	67.9
Total Insurance Companies	157.1	158.2
Health Care Provider		
Nursing Homes	39.5	-
Total Health Care Provider	39.5	-
Motor Vehicle		
Motor Vehicle	1.0	-
Total Motor Vehicle	1.0	-
Cigarettes		
Cigarettes	123.0	113.1
Smokeless	10.6	9.8
Total Cigarettes	133.6	122.9
Lottery		
All Games	73.5	73.7
VLT	319.9	318.4
Table Games	14.5	14.4
On-Site Sports Betting	10.0	7.9
Remote Sports Betting	16.3	14.2
Total Lottery	434.2	428.6

\$ in millions

Municipal Aid

The FY2024 Budget increases direct state aid for municipalities by \$5.2 million. For FY2024, the Distressed Community Relief program is level funded at \$12.4 million. The Payment in Lieu of Taxes program is funded at \$49.2 million, and is fully-funded at the 27.0 percent reimbursement rate. Meal and Beverage Tax revenue is projected to increase by a total of \$4.6 million for FY2024 and the Hotel Tax is projected to increase by \$2.4 million. Tables showing impacts by community are included at the end of this analysis.

Program	FY2023	FY2023	Change from		FY2024	Change from	
	Enacted	Final	Enacted		Enacted	Enacted	
Payment in Lieu of Taxes	\$48.4	\$48.4	-	-	\$49.2	\$0.8	1.6%
Distressed Communities	12.4	12.4	-	-	12.4	-	-
Motor Vehicle Excise Tax	231.0	230.6	(0.4)	-0.2%	234.7	3.7	1.6%
State Aid to Libraries							
Grant-in-Aid	11.0	11.0	(0.0)	-0.1%	11.5	0.5	0.0
Library Construction	1.9	1.9	(0.0)	-2.1%	2.1	0.2	11.5%
Total Direct Aid	\$304.7	\$304.3	(\$0.4)	-0.1%	\$309.9	\$5.2	1.7%
Public Service Corporations Tax	\$13.1	\$13.1	0.0	0.0	\$13.1	0.0	0.0
Meals & Beverage Tax	33.1	35.7	2.6	7.9%	37.7	4.6	13.8%
Hotel Tax	11.6	13.8	2.2	18.6%	14.0	2.4	20.7%
Airport Impact Aid	1.0	1.0	-	0.0%	1.0	-	0.0%
Total Indirect Aid*	\$58.9	\$63.7	\$4.8	8.1%	\$65.9	\$7.0	11.8%
Total Aid	\$363.6	\$367.9	\$4.3	1.2%	\$375.8	\$12.1	3.3%

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

*Values are based on estimates made at the time of the Budget's passage and are subject to revision.

DIRECT AID TO LOCAL GOVERNMENT

Payment in Lieu of Taxes (PILOT)

The Payment in Lieu of Taxes (PILOT) program was established in 1986 to reimburse cities and towns for property taxes that would have been due on real property owned by entities that are statutorily exempt from paying taxes. These entities include private nonprofit institution of higher education, nonprofit hospitals, or any state-owned property such as hospitals, veterans' residential facilities, or correctional facilities. The objective is to offset the costs to the community for providing public safety or other municipal services to these properties. The following table lists the properties that are counted towards the PILOT program:

PILOT Properties by Municipality

Barrington RI School of Design	Providence Brown University Butler Hospital Home & Hospice Care of RI Johnson & Wales University Miriam Hospital Providence College Rhode Island Hospital Rhode Island School of Design Women & Infants Hospital of Rhode Island
Bristol Brown University Roger Williams University RI Veterans Home	Smithfield Bryant University
Burrillville Zambarano Hospital	South Kingstown South County Hospital
Cranston Brown University Johnson & Wales University State Hospital and Prisons	Warwick Bradley Hospital Kent County Memorial Hospital New England Institute of Technology
East Greenwich Kent County Memorial Hospital New England Institute of Technology Women & Infants Hospital of Rhode Island	Westerly Westerly Hospital Women & Infants Hospital of Rhode Island
East Providence Bradley Hospital	Woonsocket Landmark Hospital
Newport International Yacht Restoration School Newport Hospital Salve Regina College	
North Kingstown South County Hospital	
Pawtucket Miriam Hospital	

The Budget includes \$49.2 million in general revenue for the State’s PILOT program in FY2024, an increase of \$767,821 from the enacted level.

Current law requires reimbursement at 27.0 percent of for gone tax revenue, but allows for a ratable reduction if the appropriation is less than this amount. The Budget fully funds the program for FY2024.

Distressed Community Relief

The Distressed Community Relief program was established in 1990 to provide State assistance to communities with the highest property tax burdens relative to the wealth of taxpayers. The Budget includes \$12.4 million in general revenue for the Distressed Community Relief Fund in FY2024, level with the FY2023 enacted level.

Fiscal Year	PILOT Funding Trends		
	Total Funding	% Change	% Reimbursed
2015	40.1	14.2%	25.4%
2016	40.1	-	23.7%
2017	42.0	4.7%	27.0%
2018	45.2	7.7%	27.0%
2019	46.1	2.0%	27.0%
2020	46.1	0.0%	26.7%
2021*	50.7	0.0%	28.8%
2022	46.1	-9.1%	26.0%
2023	48.4	5.0%	27.0%
2024	49.2	1.7%	27.0%

\$ in millions.

* includes additional federal pandemic relief funds

Six communities are eligible to receive funds under the program in FY2024; a reduction of one community from FY2023. Distribution is based upon annually updated data related to the local tax levy and is certified by the Division of Municipal Finance.

When a community is determined to no longer be eligible for the program, it is permitted to receive a transitional amount that is 50.0 percent of its proportional share.

Municipality	FY2023 Enacted	FY2024 Enacted	Change
Central Falls	\$235,462	\$263,947	\$28,485
Cranston	1,342,778	-	(1,342,778)
North Providence	1,075,446	1,168,448	93,002
Pawtucket	1,651,225	1,799,105	147,880
Providence	6,171,331	7,069,428	898,097
West Warwick	1,063,602	1,167,490	103,888
Woonsocket	844,614	916,041	71,427
Total	\$12,384,458	\$12,384,458	-

The Budget requires that any community classified as “distressed” be mandated to participate in the Division of Taxation’s income tax refund offset program, allowing the Division to recover unpaid State and local taxes and/or fines through an intercept of an individual’s income tax refund. The program assists communities with maximizing their collection of revenue thereby reducing or eliminating their distressed condition. All six communities are currently participating.

Motor Vehicle Excise Tax

The Motor Vehicle and Trailer Excise Tax Elimination Act of 1998 was enacted to offer broad-based property tax relief to the residents of Rhode Island. The FY2010 Budget as Enacted included \$135.4 million for Motor Vehicle Excise Tax reimbursement. The FY2010 Revised Budget reduced that amount to \$117.2 million. In FY2011, funding was reduced to \$10.0 million, funding for fire districts was eliminated, and the State-mandated motor vehicle tax exemption was reduced from \$6,000 to \$500. These provisions remained in effect through FY2017.

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

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

Article 6 of the FY2023 Budget as Enacted advanced the complete phase-out of the motor vehicle excise tax by one year in FY2023. All municipalities that began the phase-out in the first year would now have completed the phase-out and would not issue tax bills in FY2023. The article provided a mechanism for East Providence to receive its complete reimbursement based on the city’s unique assessment and taxation timeframe, and provides a method to resolve municipalities’ final levies in FY2023. The Budget includes \$231.0 million in general revenue expenditures in FY2023 to pay for the increased reimbursements.

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

Motor Vehicle Tax Phase-out and Forecast Based on Current Law							
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Current Law							
State Assessment Ratio	95.0%	90.0%	85.0%	80.0%	75.0%		
Rate Cap	\$60.0	\$50.0	\$35.0	\$35.0	\$30.0		
Exemption Amount	\$1,000	\$2,000	\$3,000	\$4,000	\$5,000		
FY2011 Base Phase-out	\$10,000,000	\$10,000,000	\$10,000,000	\$9,912,491	\$10,000,000	\$10,000,000	\$10,000,000
FY2018 Additional Phase-out	\$24,543,927	\$46,281,611	\$80,265,446	\$113,619,337	\$116,520,346	\$220,954,881	\$224,712,307
Total Statewide Aid	\$34,543,927	\$56,281,611	\$90,265,446	\$123,531,828	\$126,520,346	\$230,954,881	\$234,712,307
Additional Aid from Previous FY	\$24,543,927	\$21,737,684	\$33,983,835	\$33,266,382	\$2,988,518	\$104,434,535	\$3,757,426

The total statewide aid for FY2021 is comprised of \$37.7 million in general revenue, \$74.8 million in federal Coronavirus Relief Funds (CRF), and an undistributed adjustment of \$88,443, for a statutorily-prescribed (formula) \$112.5 million. The total does not include the \$11.3 million in additional CRF funds, also distributed by the phase-out formula to municipalities as an enhancement.

Source: ORA and Division of Municipal Finance

With the phase-out completed in FY2023, the General Assembly enacted legislation that repeals the now obsolete statutory provisions related to the original phase-out halted in FY2008 and the subsequent provisions resulting in the complete phase-out last year. The legislation also repeals the formula for the reimbursement amounts over the course of the phase-out period and replaces it with the specific amounts each municipality will receive in FY2024. The amounts total \$234.7 million and are included in the FY2024 Budget as Enacted the Budget as shown in the Direct Municipal Aid to Cities and Towns table at the end of this report. It preserves the formula for reimbursements in FY2025 and beyond (principally, the sales tax accelerator described above). The legislation also repeals the statutory sections establishing a permanent vehicle valuation oversight commission, since it is no longer needed.

Tangible Tax Changes

Article 4 of the FY2024 Budget as Enacted provides for a new state aid program that reimburses municipalities the foregone revenue associated with a statewide tangible property tax exemption. Tangible personal property (TPP) comprises property that can be moved or touched, and commonly includes items such as business equipment and furniture. It is one of four classifications of property that typically are taxed by municipalities, the others being residential real estate, commercial/industrial, and motor vehicles. The latter has been completely phased out in Rhode Island as of FY2023. The total tangible tax levy in Rhode Island for FY2023 is \$216.7 million, with an average of \$5.6 million per municipality.

The Budget provides an exemption on the first \$50,000 in tangible property value from the TPP statewide, as of the assessment date of December 31, 2023. The exemption does not apply to public service corporations or certain renewable energy resources and associated equipment. All ratable tangible personal property valued above \$50,000 remains taxable. The change is estimated to positively impact all taxpayers (except those noted above) and eliminate the TPP tax liability altogether for 30,152 business, or 75.0 percent of taxpayers.

To offset the revenue loss to municipalities associated with the exemption, a new state aid program within the Department of Revenue's Division of Municipal Finance (DMF) has been created. DMF reimburses municipalities at 100.0 percent of the revenue foregone due to the exemption that would have been collected for FY2025. No adjustments are made to this baseline in future fiscal years. Reimbursement payments are to be made by September 30th of each year. Reimbursements are not be made until a municipality or fire district has provided DMF with its certified tax roll and any other required information.

The following table shows relative data on the tangible property and the impact of the Article 4 changes by municipality.

Municipality	FY2023 Statewide Tangible Tax Levy Current Law*			Article 4 Impact^		
	Rate/\$1K	Total Tangible Tax Levy	Total Municipal Levy	Tangible % of Total	Taxpayers Exempted	Foregone Revenue due to Exemption
Barrington	\$19.65	\$902,493	\$66,865,925	1.3%	480	\$123,909
Bristol	13.00	672,417	46,858,304	1.4%	599	160,655
Burrillville	13.91	2,555,273	30,737,271	8.3%	271	81,666
Central Falls	38.33	1,066,079	15,183,661	7.0%	371	347,340
Charlestown	8.17	190,433	23,074,917	0.8%	247	23,156
Coventry	19.57	2,150,218	75,971,336	2.8%	725	287,830
Cranston	27.77	10,280,951	183,576,692	5.6%	1,970	1,496,217
Cumberland	29.98	6,031,653	68,563,584	8.8%	705	521,248
East Greenwich	31.77	2,847,929	59,885,192	4.8%	477	379,417
East Providence	56.33	16,145,380	113,585,483	14.2%	660	1,602,590
Exeter	13.94	378,422	13,952,547	2.7%	188	74,149
Foster	30.15	380,541	13,429,759	2.8%	352	97,303
Glocester	37.38	1,724,575	24,130,106	7.1%	472	241,379
Hopkinton	18.53	869,990	19,453,162	4.5%	672	204,439
Jamestown	6.79	117,021	22,722,221	0.5%	191	25,988
Johnston	64.34	11,767,764	72,855,936	16.2%	1,773	1,606,186
Lincoln	30.00	5,443,873	57,196,227	9.5%	889	668,199
Little Compton	9.80	118,198	13,188,939	0.9%	208	61,939
Middletown	17.85	1,838,276	49,197,108	3.7%	224	269,350
Narragansett	12.14	1,351,834	55,984,526	2.4%	40	68,757
New Shoreham	7.08	107,014	12,002,438	0.9%	178	15,730
Newport	14.41	2,104,251	82,949,013	2.5%	1,611	309,335
North Kingstown	17.50	3,842,146	84,522,399	4.5%	1,010	396,467
North Providence	64.78	6,506,288	67,215,462	9.7%	794	970,173
North Smithfield	42.62	6,411,330	34,560,505	18.6%	432	439,438
Pawtucket	52.09	9,015,188	103,491,223	8.7%	1,360	1,265,360
Portsmouth	15.65	2,201,438	59,662,963	3.7%	641	209,866
Providence	53.40	66,794,019	370,899,524	18.0%	3,499	6,010,215
Richmond	20.58	585,492	20,364,735	2.9%	348	132,020
Scituate	34.88	1,041,076	32,369,404	3.2%	275	169,556
Smithfield	59.74	8,831,476	58,247,230	15.2%	807	1,196,593
South Kingstown	10.95	1,191,449	74,934,701	1.6%	1,095	325,769
Tiverton	14.63	1,025,813	40,460,760	2.5%	527	179,413
Warren	18.01	713,126	25,268,227	2.8%	498	173,096
Warwick	37.46	22,200,885	226,362,002	9.8%	2,513	3,053,956
West Greenwich	34.80	1,681,847	20,549,079	8.2%	184	163,799
West Warwick	46.26	8,208,136	67,160,338	12.2%	728	761,038
Westerly	11.52	1,567,276	75,757,128	2.1%	1,841	463,654
Woonsocket	46.58	5,823,231	52,223,352	11.2%	797	934,460
Total		\$216,684,801	\$2,535,413,379	8.5%	30,152	\$25,511,157
Average	\$28.27	\$5,556,021	\$65,010,599			

*Based on the December 31, 2021 Assessment Date

^ Estimate based on December 31, 2020 assessment date.

Source: Division of Municipal Finance

The Analyst Note: The FY2024 Budget as Enacted includes \$28.0 million in general revenue within the Department of Revenue in FY2024 for the new state aid program with the provision that any unused funds be subject to automatic reappropriation to the following fiscal year (This provision ensures that funds available now are reserved for FY2025, when the program's first impact will occur).

State Aid to Libraries

Grant-in-Aid: State aid to libraries is distributed based on the city or town's expenditure level as a percentage of the total expenditures by all communities statewide. In order to be eligible for these funds, cities and towns must maintain their level of support for public library services at 100.0 percent of the previous year's funding from the local tax base. The Budget provides cities and towns with \$11.5 million in total direct library aid in FY2023. This includes a \$1.1 million in funding for the Statewide Reference Library Resource Grant that supports interlibrary services for all municipal libraries. Distribution of direct library aid is based on qualifying data from the statutory reference year. Current law requires reimbursement of 25.0 percent of second prior year expenses, but allows for a ratable reduction if the appropriation is less than this amount. The FY2024 appropriation is funded at 25.0 percent.

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

For FY2024, the Budget includes \$2.1 million for Library Construction Aid, \$258,881 more than the FY2023 Enacted level. According to OLIS, the increase reflects planned reimbursement costs.

INDIRECT AID TO LOCAL GOVERNMENT

Public Service Corporation Tax

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

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

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

Public Service Corporation		
Fiscal Year	Total Funding	% Change
2015	14.3	8.3%
2016	13.0	-9.0%
2017	13.6	4.2%
2018	13.2	-2.9%
2019	13.3	1.0%
2020	13.3	0.0%
2021	13.2	-0.8%
2022	12.6	-4.5%
2023	13.1	4.0%
2024	13.1	0.0%

\$ in millions

The FY2024 Budget provides \$13.1 million to be distributed to municipalities on July 30, 2024.

Meals and Beverage Tax

During the 2003 session, the General Assembly enacted a 1.0 percent gross receipt tax on retail sales of meals and beverages in or from eating and/or drinking establishments. The revenue from this tax flows through the State; it is not appropriated. The taxes are collected by the Division of Taxation and distributed at least quarterly to the city or town where the meals and beverages were delivered.

For FY2023, the Office of Revenue Analysis anticipates \$35.7 million in collections, increasing to \$37.7 million in FY2024.

Hotel Tax

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

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

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

The Budget includes \$13.8 million in hotel tax distribution in FY 2023 and \$14.0 million in FY2024. The significant decrease in hotel tax collections from FY2020 to FY2021 (69.6 percent) is related to the impact of pandemic restrictions on travel.

OTHER AID TO LOCAL GOVERNMENT

Warwick Rental Car Tax Revenue

The RI Airport Corporation levies a customer service charge (CSC) of \$5.00 per day for all vehicle rentals from companies operating at T.F. Green Airport in Warwick. Revenues from the CSC are to be used to pay for the construction, expansion, reconfiguration, operation and maintenance of the Warwick Intermodal Transit Station. The CSC is applied prior to the application of the sales tax and rental vehicle surcharge. Since 2003, per RIGL 1-2-17.1, all sales taxes (7.0 percent) and rental vehicle surcharges (6.0 percent) collected from the application of the CSC have been deposited into a restricted receipt account for the City of Warwick. The Budget includes \$950,807 in CSC payments to the City in FY2023 and \$967,786 in FY2024.

Airport Impact Aid

The Budget provides \$1.0 million in funding for the Airport Impact Aid program in FY2024. The Airport Impact Aid program provides State aid funds to municipalities which host airports. Under current law, the aid is distributed according to a statutory formula that provides 60.0 percent of the first \$1.0 million, or

Meals & Beverage Tax

Fiscal Year	Total Funding	% Change
2015	\$23.9	7.0%
2016	25.7	7.5%
2017	26.3	2.5%
2018	28.9	9.7%
2019	28.3	-2.1%
2020	26.2	-7.6%
2021	24.2	-7.3%
2022	32.4	33.8%
2023	35.7	10.1%
2024	37.7	5.5%

\$ in millions

Hotel Tax Distribution

Fiscal Year	Total Distribution	Change
2015	\$17.2	9.7%
2016	19.4	12.5%
2017	19.6	1.2%
2018	21.5	-0.7%
2019	21.7	0.7%
2020	17.7	-18.4%
2021	5.4	-69.6%
2022	11.8	119.5%
2023	13.8	16.6%
2024	14.0	1.8%

\$ in millions

\$600,000, for communities with airports serving more than 1.0 million passengers per year. T.F. Green in Warwick is the only airport in the State that meets this threshold. The remaining 40.0 percent is distributed to communities based on each airport's share of total landings in a calendar year, including T.F. Green. Under current law, no community that hosts an airport can receive less than \$25,000.

The following table shows the distribution of Airport Impact Aid for FY2024:

Airport	FY2023	FY2024	Change
Warwick T.F. Green	\$742,618	\$742,618	-
Block Island	47,267	47,267	-
Middletown - Newport Airport	35,601	35,601	-
North Central - Smithfield	25,000	25,000	-
North Central - Lincoln	25,000	25,000	-
North Kingstown - Quonset	64,642	64,642	-
Westerly	59,974	59,974	-
Total	\$1,000,102	\$1,000,102	-

** Airport Impact Aid is based on Calendar Year 2021 landing data that was made available in May 2022. Final FY2023 distribution amounts will be adjusted based upon updated data in May 2023.*

Property Revaluation Reimbursement

In 1997, the General Assembly enacted legislation requiring municipalities to conduct full property revaluations every nine years and statistical updates at year 3 and year 6. Communities are responsible for appropriating funds to cover the costs of full property revaluations; however, the State reimbursed municipalities for 100.0 percent of the first statistical update. Reimbursements for subsequent updates were set at 80.0 percent (up to \$16 per parcel) for the second statistical update and 60.0 percent (up to \$12 per parcel) for the third and subsequent statistical revaluations. The Budget includes \$906,329 in general revenue for the Property Revaluation program in FY2024, reflecting an increase of \$491,382 relative to the FY2023 enacted level. The change is based on an increase in anticipated reimbursements, which are required by law. The following communities will be reimbursed for statistical updates in FY2024:

Bristol, Burrillville, Jamestown, Lincoln, Little Compton, North Kingstown, North Smithfield, Providence, Scituate, Smithfield, South Kingstown, Westerly, and West Warwick. Full revaluations will occur in East Providence and Warwick.

Municipal Road and Bridge Fund

The FY2014 Budget as Enacted transferred \$7.0 million of bond premium proceeds derived from the sale of 2013 general obligation bonds from Rhode Island Capital Plan (RICAP) funds to capitalize a Municipal Road and Bridge Revolving Fund. The FY2014 Revised Budget increased this amount by \$3.3 million, for a total of \$10.3 million. The FY2015 Budget included an additional \$5.0 million in funding made available from the sale of Tobacco Settlement Bonds, and the Clean Water Finance Agency (now the Rhode Island Infrastructure Bank) contributed \$3.5 million to the program from its board-designated administrative fund in FY2015. The Budget does not include any additional funding for the Municipal Road and Bridge Fund in FY2024.

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

Property Revaluation Program

Fiscal Year	Total Distribution	Change
2015	\$0.6	-96.2%
2016	1.4	133.3%
2017	0.6	-57.1%
2018	0.9	-43.8%
2019	1.6	77.8%
2020	0.5	-68.8%
2021	1.1	120.0%
2022	1.5	36.4%
2023	0.4	-72.3%
2024	0.9	118.4%

\$ in millions

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

*\$400,000 turned back by Westerly

OTHER MUNICIPAL ISSUES

Tax Stabilization Incentive

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

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

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

Since FY2016, the Commerce Corporation has provided \$2.1 million in tax stabilization incentives in support of four projects:

Project	Municipality	Board Approval Date	Board Approval Amount
Residence Inn	Providence	2/22/2016	\$246,597
Immunex RI	West Greenwich	4/10/2018	179,829
Rubius Therapeutics	Smithfield	6/28/2018	180,000
Blue Water Property, LLC	Johnston	9/27/2021	1,538,927
Total			\$2,145,353

Source: RI Commerce Corporation

FY2024- Direct Municipal Aid to Cities and Towns

Municipality	FY2023 Enacted	Payment in Lieu of Taxes	Distressed			Library Grant-in-Aid ⁴	FY2024 Enacted	Change from FY2023 Enacted
			Communities Relief Fund	Motor Vehicle Excise Tax				
Barrington	\$6,240,700	\$18,606	-	\$5,894,822		\$379,347	\$6,292,775	\$52,075
Bristol	4,534,938	1,305,958	-	2,905,818		206,100	4,417,875	(117,064)
Burrillville	5,361,277	59,483	-	5,053,933		224,266	5,337,682	(23,596)
Central Falls	2,350,082	-	263,947	2,077,974		36,917	2,378,839	28,757
Charlestown	1,085,273	-	-	1,020,877		64,266	1,085,143	(130)
Coventry	6,096,797	-	-	5,872,396		251,550	6,123,945	27,148
Cranston	29,440,805	4,029,628	-	22,312,247		797,557	27,139,431	(2,301,374)
Cumberland	6,411,068	-	-	6,073,469		353,926	6,427,395	16,328
East Greenwich	3,326,928	804,431	-	2,417,332		149,839	3,371,602	44,674
East Providence	7,997,414	286,708	-	11,433,479		445,181	12,165,367	4,167,953
Exeter	2,298,694	-	-	2,241,381		56,782	2,298,163	(531)
Foster	1,691,712	-	-	1,652,251		41,835	1,694,087	2,375
Glocester	2,477,279	-	-	2,381,941		95,338	2,477,279	-
Hopkinton	1,671,398	-	-	1,629,259		44,300	1,673,559	2,161
Jamestown	751,594	-	-	622,793		120,781	743,574	(8,019)
Johnston	10,514,625	-	-	10,382,785		133,453	10,516,238	1,613
Lincoln	5,917,375	-	-	5,683,015		259,616	5,942,631	25,256
Little Compton	410,492	-	-	366,775		42,594	409,369	(1,123)
Middletown	2,144,665	-	-	1,976,448		180,903	2,157,351	12,686
Narragansett	1,807,362	-	-	1,831,251		210,276	2,041,527	234,165
Newport	4,398,912	1,739,666	-	2,223,671		486,394	4,449,731	50,819
New Shoreham	260,580	-	-	163,298		108,269	271,567	10,987
North Kingstown	5,725,344	50	-	5,378,818		353,799	5,732,666	7,322
North Providence	10,935,636	-	1,168,448	9,619,286		246,714	11,034,448	98,812
North Smithfield	4,493,854	-	-	4,398,531		95,325	4,493,856	2
Pawtucket	18,535,211	3,061	1,799,105	16,495,506		474,735	18,772,406	237,195
Portsmouth	2,546,430	-	-	2,414,242		134,841	2,549,083	2,652
Providence	77,591,924	37,514,510	7,069,428	34,131,596		1,551,521	80,267,055	2,675,130
Richmond	1,479,884	-	-	1,448,455		32,206	1,480,661	777
Scituate	2,107,036	-	-	1,977,127		133,807	2,110,934	3,898
Smithfield	8,373,559	1,170,041	-	7,098,694		363,925	8,632,660	259,101
South Kingstown	4,409,542	187,050	-	3,930,455		258,400	4,375,906	(33,636)
Tiverton	1,856,745	-	-	1,748,175		147,750	1,895,925	39,180
Warren	2,167,590	-	-	2,090,911		73,963	2,164,873	(2,717)
Warwick	27,559,761	1,578,435	-	25,246,254		778,781	27,603,470	43,709
Westerly	6,374,157	152,031	-	5,765,523		441,250	6,358,803	(15,354)
West Greenwich	1,388,010	-	-	1,331,725		61,668	1,393,393	5,383
West Warwick	6,940,792	-	1,167,490	5,673,744		201,979	7,043,212	102,420
Woonsocket	10,868,198	351,755	916,041	9,324,776		240,870	10,833,442	(34,755)
SRL ¹	1,101,101	-	-	-		1,123,123	1,123,123	22,022
ILG ²	62,609	-	-	-		71,172	71,172	8,563
MVET Adjustment ³	421,271	-	-	-		-	-	-
Fire Districts	635,357	-	-	421,271		-	421,271	(214,086)
Total	\$304,623,653	\$49,201,412	\$12,384,458	\$234,712,302		\$13,593,868	\$309,892,039	\$5,268,387

¹SRL: Statewide Reference Library Resources Grant

²ILG: Grant-in-Aid to Institutional Libraries

³Up to \$500,000 in total to be provided as a supplemental payment per proposed RIGL 44-34.1-5 for municipalities and fire districts that would have had a motor vehicle levy above their FY 2018 Baseline in FY 23 and that also budgeted for this additional revenue, subject to review and certification by the Department of Revenue.

⁴Total Library Grant-in-Aid includes \$2.1 million in Library Construction Aid

FY2023 Direct Municipal Aid to Cities and Towns

Municipality	FY2023 Enacted	Payment in Lieu of Taxes	Distressed Communities Relief Fund	Motor Vehicle Excise Tax ³	Library Grant-in-Aid	FY2023	Change from
						Final	FY2023 Enacted
Barrington	\$6,240,700	\$18,133		5,894,822	\$327,745	\$6,240,700	\$0
Bristol	4,534,938	1,408,285		2,905,818	220,836	4,534,938	-
Burrillville	5,361,277	105,242		5,053,933	202,102	5,361,277	-
Central Falls	2,350,082		235,462	2,077,974	36,645	2,350,082	-
Charlestown	1,085,273			1,020,877	64,396	1,085,273	-
Coventry	6,096,797			5,872,396	224,402	6,096,797	-
Cranston	29,440,805	5,004,163	1,342,778	22,312,247	781,617	29,440,805	-
Cumberland	6,411,068			6,073,469	337,599	6,411,068	-
East Greenwich	3,326,928	774,131		2,417,332	135,464	3,326,928	-
East Providence	7,997,414	282,016		7,203,608	513,132	7,998,755	1,342
Exeter	2,298,694			2,241,381	57,313	2,298,694	-
Foster	1,691,712			1,652,251	39,461	1,691,712	-
Glocester	2,477,279			2,381,941	95,338	2,477,279	-
Hopkinton	1,671,398			1,629,259	42,139	1,671,398	-
Jamestown	751,594			622,793	128,801	751,594	-
Johnston	10,514,625			10,382,785	131,840	10,514,625	-
Lincoln	5,917,375			5,683,015	234,360	5,917,375	-
Little Compton	410,492			366,775	43,716	410,492	-
Middletown	2,144,665			1,976,448	168,217	2,144,665	-
Narragansett	1,807,362			1,831,251	100,000	1,931,251	123,889
Newport	4,398,912	1,688,961		2,223,671	486,280	4,398,912	-
New Shoreham	260,580			163,298	97,282	260,580	-
North Kingstown	5,725,344	1,149		5,378,818	345,378	5,725,344	-
North Providence	10,935,636		1,075,446	9,619,286	240,904	10,935,636	-
North Smithfield	4,493,854			4,398,531	95,323	4,493,854	-
Pawtucket	18,535,211	3,061	1,651,225	16,495,506	385,419	18,535,211	-
Portsmouth	2,546,430			2,414,242	132,188	2,546,430	-
Providence	77,591,924	35,772,362	6,171,331	34,131,596	1,516,635	77,591,924	-
Richmond	1,479,884			1,448,455	31,429	1,479,884	-
Scituate	2,107,036			1,977,127	129,909	2,107,036	-
Smithfield	8,373,559	910,957		7,098,694	363,908	8,373,559	-
South Kingstown	4,409,542	217,065		3,930,455	262,022	4,409,542	-
Tiverton	1,856,745			1,748,175	146,250	1,894,425	37,680
Warren	2,167,590			2,090,911	76,680	2,167,590	-
Warwick	27,559,761	1,578,435		25,246,254	735,072	27,559,761	-
Westerly	6,374,157	197,328		5,765,523	411,306	6,374,156	-
West Greenwich	1,388,010			1,331,725	56,285	1,388,010	-
West Warwick	6,940,792		1,063,602	5,673,744	203,446	6,940,792	-
Woonsocket	10,868,198	472,304	844,614	9,324,776	226,504	10,868,197	-
SRL ¹	1,101,101	-	-	-	1,101,101	1,101,101	-
ILG ²	1,922,282	-	-	-	1,922,282	1,922,282	-
MVET Adjustment ⁴	421,271	-	-	135,357	-	135,357	(285,914)
Fire Districts	635,357	-	-	421,271	-	421,271	(214,086)
Total	\$304,623,653	\$48,433,591	\$12,384,458	\$230,617,792	\$12,850,722	\$304,286,563	(\$337,090)

¹ SRL: Statewide Reference Library Resources Grant

² ILG: Grant-in-Aid to Institutional Libraries. Includes \$1.9 million in Library Construction Aid

Total Library Construction Aid FY2023 is \$1.9 million

³ Combines MVET Phase-Out Reimbursement and Original Base Reimbursement

⁴ Up to \$500,000 in total to be provided as a supplemental payment per proposed R.I. Gen. Laws § 44-34.1-5 for municipalities and fire districts that would have had a motor vehicle levy above their FY 2018 Baseline in FY 23 and that also budgeted for this additional revenue, subject to review and certification by the Department of Revenue.

FY2024- Indirect Municipal Aid to Cities and Towns

Municipality	FY2023	Public Service	Hotel Tax	Meals and	Airport	FY2024	Change from
	Enacted	Corp. Tax		Beverage Tax	Impact Fees ¹	Enacted	FY2023 Enacted
Barrington	\$411,247	\$199,439	\$5,161	\$191,552	-	396,153	(\$15,094)
Bristol	923,004	273,410	98,866	646,702	-	1,018,978	95,974
Burrillville	448,604	206,687	278	270,157	-	477,122	28,518
Central Falls	407,725	240,792	508	205,268	-	446,567	38,842
Charlestown	376,425	97,025	91,961	225,535	-	414,521	38,096
Coventry	1,084,207	430,457	127,526	612,878	-	1,170,861	86,654
Cranston	3,410,325	1,006,575	53,344	2,676,606	-	3,736,525	326,200
Cumberland	1,049,801	433,343	1,068	706,596	-	1,141,007	91,206
East Greenwich	1,017,849	162,262	3,830	941,538	-	1,107,631	89,782
East Providence	1,925,658	587,726	90,672	1,398,079	-	2,076,477	150,819
Exeter	218,865	83,138	479	154,616	-	238,233	19,368
Foster	83,569	58,498	2,086	26,624	-	87,208	3,639
Glocester	225,001	126,386	4,826	107,452	-	238,663	13,662
Hopkinton	165,699	100,469	3,127	70,685	-	174,281	8,582
Jamestown	209,067	68,061	54,506	102,829	-	225,397	16,330
Johnston	1,221,048	363,300	14,257	991,132	-	1,368,689	147,641
Lincoln	1,328,131	269,979	173,927	979,564	25,000	1,448,469	120,338
Little Compton	143,404	43,310	38,763	69,776	-	151,848	8,444
Middletown	2,410,544	197,990	1,545,749	1,041,251	35,601	2,820,590	410,046
Narragansett	1,330,835	191,412	400,791	919,239	-	1,511,442	180,607
Newport	6,173,869	305,954	3,781,685	3,285,057	-	7,372,696	1,198,827
New Shoreham	1,214,466	10,790	855,114	537,747	47,267	1,450,918	236,452
North Kingstown	1,253,898	325,676	166,894	849,110	64,642	1,406,322	152,424
North Providence	908,767	403,017	4,963	591,602	-	999,581	90,814
North Smithfield	542,956	154,581	5,313	441,066	-	600,960	58,004
Pawtucket	2,139,574	889,741	127,036	1,319,962	-	2,336,739	197,165
Portsmouth	575,442	214,714	36,613	391,133	-	642,461	67,019
Providence	11,158,331	2,223,355	2,503,041	7,609,925	-	12,336,322	1,177,991
Richmond	285,480	95,675	23,963	200,029	-	319,667	34,187
Scituate	219,892	132,171	10,222	92,626	-	235,019	15,127
Smithfield	1,471,923	269,260	233,246	1,136,445	25,000	1,663,951	192,028
South Kingstown	1,719,047	379,714	314,814	1,228,189	-	1,922,717	203,670
Tiverton	547,377	194,868	22,497	401,895	-	619,259	71,882
Warren	520,680	129,780	2,802	458,360	-	590,942	70,262
Warwick	6,625,637	1,003,986	1,506,307	4,005,004	742,618	7,257,915	632,278
Westerly	2,435,166	278,749	1,267,553	1,269,701	59,974	2,875,978	440,812
West Greenwich	372,159	78,009	167,939	169,681	-	415,629	43,470
West Warwick	1,002,051	358,481	183,496	552,204	-	1,094,181	92,130
Woonsocket	1,268,489	515,552	77,883	787,809	-	1,381,245	112,756
Total	\$58,826,212	\$13,104,333	\$14,003,106	\$37,665,625	\$1,000,102	\$65,773,166	\$6,946,954

¹Airport Impact Aid is based on Calendar Year 2021 landing data that was made available in May 2022. Final FY2024 distribution amounts will be adjusted based upon updated data in May 2023.

FY2023 - Indirect Municipal Aid to Cities and Towns

Municipality	FY2023 Enacted	Public Service Corp. Tax	Hotel Tax	Meals and Beverage Tax	Airport Impact Fees ¹	FY2023 Final	Change to Enacted
Barrington	\$411,247	\$199,439	\$4,768	\$181,559	-	385,766	(\$25,481)
Bristol	923,004	273,410	96,880	612,963	-	983,253	60,249
Burrillville	448,604	206,687	257	256,063	-	463,007	14,403
Central Falls	407,725	240,792	469	194,559	-	435,820	28,095
Charlestown	376,425	97,025	86,232	213,768	-	397,025	20,600
Coventry	1,084,207	430,457	126,066	580,904	-	1,137,427	53,220
Cranston	3,410,325	1,006,575	52,302	2,536,967	-	3,595,845	185,520
Cumberland	1,049,801	433,343	987	669,733	-	1,104,063	54,262
East Greenwich	1,017,849	162,262	3,594	892,418	-	1,058,274	40,425
East Providence	1,925,658	587,726	89,205	1,325,140	-	2,002,072	76,414
Exeter	218,865	83,138	442	146,550	-	230,130	11,265
Foster	83,569	58,498	2,053	25,235	-	85,786	2,217
Glocester	225,001	126,386	4,732	101,846	-	232,964	7,963
Hopkinton	165,699	100,469	2,973	66,997	-	170,440	4,741
Jamestown	209,067	68,061	50,996	97,464	-	216,521	7,454
Johnston	1,221,048	363,300	14,068	939,424	-	1,316,792	95,744
Lincoln	1,328,131	269,979	172,131	928,460	25,000	1,395,570	67,439
Little Compton	143,404	43,310	36,714	66,136	-	146,159	2,755
Middletown	2,410,544	197,990	1,522,511	986,928	35,601	2,743,031	332,487
Narragansett	1,330,835	191,412	383,109	871,282	-	1,445,803	114,968
Newport	6,173,869	305,954	3,724,083	3,113,674	-	7,143,712	969,843
New Shoreham	1,214,466	10,790	825,105	509,693	47,267	1,392,855	178,389
North Kingstown	1,253,898	325,676	162,516	804,811	64,642	1,357,646	103,748
North Providence	908,767	403,017	4,584	560,737	-	968,339	59,572
North Smithfield	542,956	154,581	5,229	418,056	-	577,866	34,910
Pawtucket	2,139,574	889,741	125,349	1,251,099	-	2,266,189	126,615
Portsmouth	575,442	214,714	34,725	370,728	-	620,167	44,725
Providence	11,158,331	2,223,355	2,466,498	7,212,914	-	11,902,767	744,436
Richmond	285,480	95,675	23,059	189,594	-	308,327	22,847
Scituate	219,892	132,171	10,079	87,794	-	230,044	10,152
Smithfield	1,471,923	269,260	230,731	1,077,156	25,000	1,602,147	130,224
South Kingstown	1,719,047	379,714	307,426	1,164,114	-	1,851,254	132,207
Tiverton	547,377	194,868	21,438	380,928	-	597,234	49,857
Warren	520,680	129,780	2,589	434,447	-	566,816	46,136
Warwick	6,625,637	1,003,986	1,488,066	3,796,062	742,618	7,030,731	405,094
Westerly	2,435,166	278,749	1,246,976	1,203,461	59,974	2,789,160	353,994
West Greenwich	372,159	78,009	166,157	160,829	-	404,995	32,836
West Warwick	1,002,051	358,481	181,490	523,396	-	1,063,366	61,315
Woonsocket	1,268,489	515,552	76,923	746,709	-	1,339,184	70,695
Total	\$58,826,212	\$13,104,334	\$13,753,513	\$35,700,599	\$1,000,102	\$63,558,546	\$4,732,334

¹ Airport Impact Aid is based on Calendar Year 2021 landing data that was made available in May 2022. Final FY2023 distribution amounts will be adjusted based upon updated data in May 2023.

Education Aid

The Education Adequacy Act (2010-S-2770, Substitute A as Amended) provided a new school funding formula that creates a single methodology for distributing state aid to all public schools. The core principle behind the formula is that state funding should follow the student; therefore, the distribution of state funds changes annually based on shifts in enrollment. This formula applies to all public schools, charter schools, the Davies Career and Technical School, and the Metropolitan Career and Technical Center. The Act does not change the funding methodology for the School for the Deaf, since it is an education program that already has a state, federal, and local share.

Beginning in FY2012, the formula established a per-pupil spending amount and allocated this funding based on student enrollment, adjusting for poverty (as measured by the number of families whose income is below 185.0 percent of the federal poverty guidelines). The formula also adjusts for local revenue generating capacity and overall poverty level, as well as the concentration of children living in poverty.

The Act included a multi-year transition plan to ease districts into the new formula, allowing time for school districts and municipal governments to adjust for gains or losses in education aid. The plan provided a transition period of ten years from the formula implementation in FY2012 for those districts projected to receive less school aid than they did in the previous year, and seven years for those districts projected to receive more. FY2021 was the final year of the transition plan. However, the FY2024 Budget as Enacted provides a Poverty Loss Stabilization Fund and a Transition Fund for enrollment loss.

In FY2024, the formula aid to the districts, charter schools, and state schools increases by \$24.5 million to fully fund the formula. The new Enrollment Transition and Poverty Loss Stabilization Funds provide an additional \$19.4 million and \$5.7 million, respectively. An additional increase of \$33.3 million is provided through categorical aid, including \$10.5 million for High-Cost Special Education and \$14.4 million for English Learners.

HOW THE FORMULA WORKS

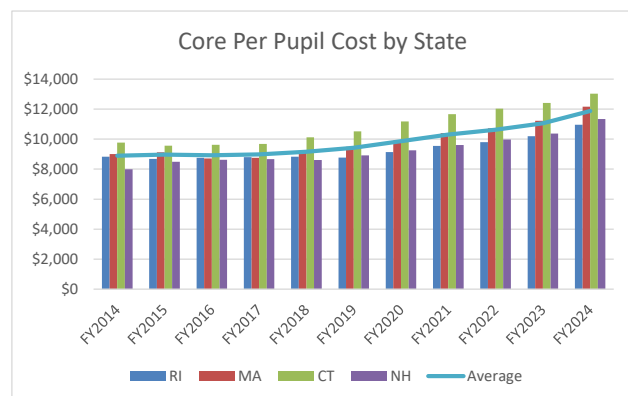
Step 1 - Student Enrollment: Student enrollment is based on resident average daily membership (RADM), which refers to the average number of students who are residents of the community and were enrolled in the school district during the prior school year. The Budget is based on enrollment data as of March 2023, adjusted for projected charter school enrollments.

Step 2 - Core Instruction Amount: The core instruction amount provides a base level of funding per pupil (\$11,876 in FY2024, a 7.5 percent increase from the FY2023 Budget as Enacted). It is derived from the average of northeast regional expenditure data from Rhode Island, Massachusetts, Connecticut and New Hampshire, as published by the National Center for Education Statistics (NCES).

Step 3 - High Need Student Weight (40.0 percent):

The Act includes a single factor to adjust the core instruction amount to address the effects of poverty and other factors influencing educational need. The weight provides an additional \$4,750 ($\$11,876 \times 0.40 = \$4,750$) for each student whose family income is at or below one hundred eighty-five percent (185%) of federal poverty guidelines.

The statute requires that the weight be applied to each child whose family income is at or below 185.0 percent of the federal poverty guidelines. Traditionally, these students were tracked primarily through



eligibility for the federal free and reduced lunch program (FRLP); however, Article 10 of the FY2023 Budget as Enacted required the Department of Elementary and Secondary Education (Department) to submit, as part of its FY2024 budget request, a poverty measure that does not rely on the administration of the school lunch programs. The Governor recommended and the General Assembly agreed to using certification data from programs including the Supplemental Nutrition Assistance Program (SNAP). The counts from this data source are then multiplied by a factor of 1.6, as recommended by the U.S. Department of Agriculture (USDA) and the U.S. Department of Education for the Community Eligibility Provision (CEP) of the Healthy, Hunger-Free Kids Act of 2010.

According to the Office of Management and Budget (OMB), “extensive research was conducted” to determine the new poverty measure, including the experiences of other states. Several criteria were considered including “comparable eligibility requirement to the FRLP, timeliness, and data quality. Furthermore, data sharing agreements with DHS [Department of Human Services] related to the use of direct certification were already in existence.” Based on the review, it was determined that “direct certification would result in a reliable calculation of education aid while minimizing administrative burden.”

According to the U.S. Department of Education, the “function of the 1.6 multiplier is to provide an estimate of the percentage of students eligible for free and reduced-price meals in participating CEP schools, groups of schools, or LEAs that is comparable to the poverty percentage that would be obtained in a non-CEP school. The number of students directly certified is a subset of the total number of students eligible for free and reduced-price meals. Using only the number of identified students would result in lower poverty percentages for CEP schools or LEAs.” (see page 4 of Guidance for The Community Eligibility Provision). Communities participating in the CEP agree not to collect FRLP forms.

Step 4 - Total Foundation Budget: The total foundation budget for each school district is calculated by adding the product of the total core instruction amount and the total student success factor weight.

$$\text{Total Foundation Budget} = (\$11,876 \times \text{RADM}) + (0.4 \times \$11,876 \times \text{students in poverty})$$

Step 5 - State Share Ratio: The Education Adequacy Act creates a share ratio by adding a wealth measure, based on the concentration of children living in poverty, to the single State Share Ratio for the Community (SSRC) previously used to determine a district’s ability to pay for the cost of education. In FY2024, the Governor uses the direct certification data discussed under the SSF above to measure the percentage of Pre-Kindergarten through sixth grade students living in poverty, instead of the free and reduced-lunch data used traditionally.

The total foundation budget equals the student enrollment and the high-need student weight of the district multiplied by the core instruction amount. The State’s share of the total foundation budget is the state share ratio calculated as follows:

$$\text{State Share Ratio (SSR)} = \sqrt{\frac{\text{SSRC}^2 + \%PK - 6 \text{poverty}^2}{2}}$$

Pursuant to the FY2024 Budget as Enacted, however, if a district has PK through 6 poverty rate greater than 50.0 percent and the SSR calculation results in a ratio less than the SSRC, then the SSRC will be used. In FY2024, this adjustment impacts Pawtucket, West Warwick, and Central Falls, as highlighted in the table.

By squaring each factor, the formula amplifies the greater of the two variables. Consequently, school districts with less capacity to raise revenue than the State as a whole and a higher concentration of child poverty look relatively poorer, while districts with a higher capacity to raise revenue and lower

concentrations of poverty look relatively wealthier. Those poorer districts with the higher SSR will receive a greater portion of the calculated education costs as state aid than the wealthier districts.

The SSRC calculation is based on each community's total assessed property value and median family income, relative to districts across the State. The total community property value includes motor vehicles, personal property and State payments in lieu of taxes. These values are brought to full market value based on market experience and then adjusted by the median family income. The higher the EWAV share ratio, the less capacity the community has relative to the rest of the state for generating locally derived revenue to support schools and the more state aid the community will receive. While similar to the share ratio used in the school construction formula to determine the state's share of debt service obligations, the Education Adequacy Act adjusted the SSRC calculation to increase the State share of the total education budget.

The distribution includes an update to the median family income (MFI) component of the EWAV based on the socio-economic data from the American Community Survey (ACS) provided by the United States Census Bureau. The index used to adjust for MFI is the ratio of the median family income of the municipality relative to the median family income statewide as reported in the American Community Survey (ACS) provided by the United States Census Bureau.

Step 6 - State Share of Foundation Budget: The State's share of the total foundation budget equals the state share ratio, discussed above, times the total foundation budget. Unlike many foundation formulas, the statute neither requires a minimum nor sets a maximum local spending level beyond the limits in the maintenance of effort requirements found in RIGL 16-7-23 and 16-7-23.1. Nonetheless, a municipality is responsible, to some degree, for the difference between the state share and the total foundation amount.

Poverty Loss Stabilization Fund: The FY2024 Budget as Enacted establishes funding to reduce the impact of a reduction in the community state share ratio. If the share ratio decreases by more than 2.0 percent, relative to the prior year, the formula provides 50.0 percent of the resulting reduction in funding formula aid.

Enrollment Transition Fund: To address the significant enrollment declines seen across the State, the FY2024 Budget as Enacted establishes an Enrollment Transition Fund providing 40.0 percent of the funding formula aid lost as a result of enrollment declines, relative to the previous year, in year one and 25.0 percent in year two.

TABLE

The table on the following page provides a step-by-step calculation of each district's formula distribution for FY2024.

FY2024 Education Aid Calculator - Enacted¹

Districts	PK-12 RADM	Direct Cert	Direct Cert x Factor (1.6) RADM	Core Instruction Funding (C = \$11,876)	Student Success Factor Funding (F = 0.4*\$11,876 = \$4,750)	Total Foundation	% Direct Cert (1.6 factor) PK6	EWAV	State Share Ratio	State Share Adjusted RIGL 16-7.2-4(a)	State Share of Foundation Budget	FY2023 Enacted (excludes group home and categoricals)	Change in State Funding
	A	B	A*C=D	B*F=G	D+G=H	P	W	I	IF P>0.5 and W<I, then = W	H*=J	K	J-K=L	
Barrington	3,379	124	198	\$40,129,004	\$942,479	\$41,071,483	6.7%	35.0%	25.2%	25.2%	\$10,346,999	\$8,549,881	\$1,797,118
Burrillville	2,057	319	510	24,428,932	2,424,604	26,853,536	32.5%	59.7%	48.1%	48.1%	12,904,573	14,202,416	(1,297,843)
Charlestown	707	77	123	8,396,332	585,249	8,981,581	21.2%	-	15.0%	15.0%	1,347,679	1,341,690	5,989
Coventry	4,229	609	974	50,223,604	4,628,790	54,852,394	24.2%	60.3%	45.9%	45.9%	25,200,762	24,970,883	229,879
Cranston	9,941	2,123	3,397	118,059,316	16,136,159	134,195,475	39.3%	64.7%	53.5%	53.5%	71,840,320	70,899,984	940,336
Cumberland	4,685	480	768	55,639,060	3,648,307	59,287,367	20.6%	53.5%	40.5%	40.5%	24,039,982	22,111,359	1,928,623
East Greenwich	2,543	117	187	30,200,668	889,275	31,089,943	7.9%	23.2%	17.3%	17.3%	5,386,895	4,603,416	783,479
East Providence	5,066	1,266	2,026	60,163,816	9,622,410	69,786,226	42.8%	58.7%	51.4%	51.4%	35,844,734	37,474,787	(1,630,053)
Foster	213	35	56	2,529,588	266,022	2,795,610	30.0%	48.5%	40.3%	40.3%	1,127,337	1,114,963	12,374
Glocester	576	49	78	6,840,576	372,431	7,213,007	12.3%	54.7%	39.6%	39.6%	2,859,443	2,525,892	333,551
Hopkinton	1,103	145	232	13,099,228	1,102,093	14,201,321	25.6%	56.9%	44.1%	44.1%	6,263,725	5,826,031	437,694
Jamestown	586	22	35	6,959,336	167,214	7,126,550	6.3%	-	4.5%	4.5%	319,561	303,378	16,183
Johnston	3,235	699	1,118	38,418,860	5,312,847	43,731,707	41.2%	55.2%	48.7%	48.7%	21,291,119	20,222,498	1,068,621
Lincoln	3,262	498	797	38,739,512	3,785,119	42,524,631	25.9%	49.1%	39.3%	39.3%	16,694,774	16,848,216	(153,442)
Little Compton	276	27	43	3,277,776	205,217	3,482,993	11.3%	-	8.0%	8.0%	279,472	448,877	(169,405)
Middletown	1,994	297	475	23,680,744	2,257,390	25,938,134	24.4%	28.2%	26.4%	26.4%	6,842,405	8,437,018	(1,594,613)
Narragansett	1,036	100	160	12,303,536	760,064	13,063,600	21.5%	-	15.2%	15.2%	1,983,316	2,263,400	(280,084)
Newport	1,845	735	1,176	21,911,220	5,586,470	27,497,690	72.4%	-	51.2%	51.2%	14,077,237	15,485,382	(1,408,145)
New Shoreham	132	3	5	1,567,632	22,802	1,590,434	8.4%	-	6.0%	6.0%	94,704	219,323	(124,619)
North Kingstown	3,555	530	848	42,219,180	4,028,339	46,247,519	27.1%	20.7%	24.1%	24.1%	11,142,827	11,488,078	(345,251)
North Providence	3,495	812	1,299	41,506,620	6,171,720	47,678,340	40.5%	70.3%	57.4%	57.4%	27,354,244	27,396,780	(42,536)
North Smithfield	1,603	167	267	19,037,228	1,269,307	20,306,535	20.6%	46.8%	36.2%	36.2%	7,343,688	6,430,600	913,088
Pawtucket	7,913	3,325	5,320	93,974,788	25,272,128	119,246,916	68.2%	84.9%	77.0%	84.9%	101,240,632	98,315,617	2,925,015
Portsmouth	2,075	174	278	24,642,700	1,322,511	25,965,211	14.1%	-	10.0%	10.0%	2,597,715	3,182,031	(584,316)
Providence	19,625	9,653	15,445	233,066,500	73,368,978	306,435,478	86.4%	84.8%	85.6%	85.6%	262,261,735	273,476,554	(11,214,819)
Richmond	1,090	130	208	12,944,840	988,083	13,932,923	22.5%	52.9%	40.7%	40.7%	5,664,511	5,414,854	249,657
Scituate	1,180	89	142	14,013,680	676,457	14,690,137	15.8%	28.8%	23.2%	23.2%	3,410,780	2,447,265	963,515
Smithfield	2,444	199	318	29,024,944	1,512,527	30,537,471	14.8%	37.5%	28.5%	28.5%	8,703,479	7,203,808	1,499,671
South Kingstown	2,580	312	499	30,640,080	2,371,400	33,011,480	21.7%	-	15.3%	15.3%	5,063,712	4,756,321	307,391
Tiverton	1,658	210	336	19,690,408	1,596,134	21,286,542	22.4%	28.6%	25.7%	25.7%	5,469,710	7,026,480	(1,556,770)
Warwick	8,097	1,478	2,365	96,159,972	11,233,746	107,393,718	33.8%	45.1%	39.8%	39.8%	42,784,774	40,874,590	1,910,184
Westerly	2,344	424	678	27,837,344	3,222,671	31,060,015	35.7%	-	25.3%	25.3%	7,847,731	8,313,966	(466,235)
West Warwick	3,495	1,139	1,822	41,506,620	8,657,129	50,163,749	58.4%	74.2%	66.8%	74.2%	37,221,502	32,061,919	5,159,583
Woonsocket	5,639	2,974	4,758	66,968,764	22,604,303	89,573,067	89.7%	88.9%	89.3%	89.3%	80,001,773	72,118,992	7,882,781
Bristol-Warren ²	2,914	452	723	34,606,664	3,435,489	38,042,153	-	-	-	-	11,040,792	11,768,674	(727,882)
Exeter-West Greenwich ²	1,536	129	206	18,241,536	980,483	19,222,019	-	-	-	-	4,853,740	4,498,794	354,946
Charlho	-	-	-	-	-	-	-	-	-	-	-	-	-
Foster-Glocester ²	1,104	78	125	13,111,104	592,850	13,703,954	-	-	-	-	5,463,033	5,307,321	155,712
Central Falls	2,541	1,124	1,798	30,176,916	8,543,119	38,720,035	73.0%	97.2%	86.0%	97.2%	37,635,874	38,815,845	(1,179,971)
District Total	121,753	31,124	49,798	\$1,445,938,628	\$236,562,319	\$1,682,500,947					\$925,847,288	\$918,747,883	\$7,099,405
Charter School Total	12,988	4,948	7,917	154,245,488	37,607,967	191,853,455	-	-	-	-	153,888,559	137,747,584	16,140,975
Davies	902	221	354	10,712,152	1,679,741	12,391,893	-	-	-	-	9,945,832	8,930,775	1,015,057
Met School	795	297	475	9,441,420	2,257,390	11,698,810	-	-	-	-	8,597,594	8,708,054	(110,460)
Urban Collaborative	126	86	138	1,496,376	653,655	2,150,031	-	-	-	-	1,840,097	1,693,976	146,121
Youth Build Academy	135	80	128	1,603,260	608,051	2,211,311	-	-	-	-	1,892,543	1,727,458	165,085
Total	136,699	36,756	58,810	1,623,437,324	279,369,124	1,902,806,448					\$1,102,011,913	\$1,077,555,730	\$24,456,183

¹ Based on March 2023 enrollment updated for projected 2023-2024 charter school growth.

² Calculations based on component district data as required by the Superior Court decision in Town of Warren v. Bristol Warren Regional School District, et. al.

Source: Rhode Island Department of Education

CHARTER AND STATE SCHOOLS

The education funding formula calculation for charter and state schools funds students as if they were still in the sending district, with the same core instruction amount, high-need student weight, and state share ratio. The aid, however, is distributed directly to the charter or state school. In FY2024, the Budget provides \$156.6 million in funding formula aid to charter schools, an increase of \$18.3 million. This increase is primarily driven by enrollment. In FY2024, charter school enrollment increases by 538 students, or 4.3 percent, relative to the FY2023 Budget as Enacted.

Sending District Tuition: Under the formula, the funding mechanism for charter and state schools changed significantly. Previously sending district tuition per-student was based on the per-pupil expenditure of the sending district, without deductions, the formula allowed sending districts to retain 5.0 percent of the per-pupil expenditure as indirect aid. The indirect aid was intended to cover residual costs from the transfer of

the student from the district to the charter school. Today, the sending district tuition is calculated by dividing the local appropriation to education from property taxes, net debt service and capital projects, by the district resident average daily membership (RADM), or enrollment: there is no indirect aid retained by the sending district.

$$\text{Tuition} = (\text{local appropriation to education} - \text{debt service} - \text{capital projects} / \text{District RADM}) - \text{local tuition reduction}$$

Local Charter and State School Tuition Reduction: Article 11 of the FY2017 Budget changed the above calculation to subtract a district-specific amount from the tuition paid for each student attending a charter or state school. The amount of the reduction is calculated based on differences in expenses between each district and charter schools. The expenditure data used for the calculation is the prior previous fiscal year; consequently, the calculation of unique costs for FY2023 is based on FY2021 data from the Uniform Chart of Accounts (UCOA). The reduction will be the greater of 7.0 percent of the district's per-pupil funding or the per-pupil value of each district's costs in the delineated expenditure categories. The categories include each district's costs for non-public textbooks, transportation for non-public students, retiree health benefits, out-of-district special education tuition and transportation, services for students age eighteen to twenty-one, pre-school screening and intervention, career and technical education tuition and transportation costs, debt service, and rental costs minus the average charter school expenses for the same categories. For districts using the reduction for costs categories, there is an additional reduction for tuition payments to mayoral academies, where teachers do not participate in the state's teacher retirement system, equivalent to the per-pupil, unfunded liability cost. The local tuition rate reductions pursuant to RIGL 16-7.2-5(c) were not available in time for the publication of this report.

In FY2011, the State paid the total tuition costs of students attending the Davies and Met Schools, while the local districts provided transportation. Pursuant to the new funding formula, however, the State payment to these state schools is calculated by the same method used to calculate school district and charter school payments. The formula requires local districts to pay state school tuition, but allows the districts to charge the state and charter schools for transportation costs. Local payments are made to the charter or state school on a quarterly basis. Failure to make a payment could result in the withholding of state education aid to the district of residence.

In FY2011, prior to the implementation of the current funding formula, charter school funding was based on the per-pupil expenditure of the sending district; however, the State paid 5.0 percent of the per-pupil expenditure as indirect aid to the sending district, and a portion of the remaining 95.0 percent based on the share ratio of the sending district. The expenditure was based on the reference year as defined in RIGL 16-7-16(11) providing a two-year lag. Each quarter, the charter school billed the sending district for the portion of the per-pupil expenditure not paid by the State.

Please see the following examples for further clarification of the charter school formula used in FY2011.

Calculation	District A	District B
Per Pupil Expenditure:	\$8,000	\$8,000
Share Ratio:	70.0%	30.0%
Indirect Aid to Sending District:	\$400 (5.0% of \$8,000)	\$400 (5.0% of \$8,000)
State Share to Charter School:	\$5,320 (70.0% of (\$8,000 minus 5.0%))	\$2,280 (30.0% of (\$8,000 minus 5.0%))
District Share to Charter School:	\$2,280 (30.0% of (\$8,000 minus 5.0%))	\$5,320 (70.0% of (\$8,000 minus 5.0%))

NON-FORMULA PROVISIONS

Group Homes: The Group Home aid category was created by the General Assembly in 2001 to provide state support to districts hosting group homes in exchange for relieving the resident sending district of financial responsibility for students placed in group homes. When enacted, the Act maintained the current funding for group homes as a categorical grant program; however, the FY2017 Budget as Enacted increased the per-bed funding amount. The Group Home aid category provides \$17,000 annually per bed, except for

group home beds associated with Bradley Hospital Children’s Residential and Family Treatment (CRAFT) Program, which received \$26,000 per bed. The FY2024 Budget includes \$1.8 million to fund group home beds. This is \$446,611 less than the FY2023 Budget as Enacted. This adjustment represents the most recent update on the number of group home beds per district and the decrease required pursuant to RIGL 16-7-22(1)(ii) to reduce the average daily membership of a district by the number of group home beds used in the group home aid calculation.

Based on the final December 31, 2022, report from the Department of Children, Youth, and Families, the FY2023 Revised Budget increases by 7 beds and \$119,000.

District	FY2023 Enacted		Group Home Aid ¹ FY2024 Change from Enacted					FY2023		
	Total Aid	Number of Beds	FY2024	Change in	Aid change	Aid change due	FY2024 Total	Revised Total	Change from Enacted	
			Number of Beds	Number of Beds	due to bed count	to RIGL 16-7-22(1)(ii)				Total Change
Burrillville	\$0	0	-	-	\$0	\$0	\$0	\$0	\$0	
Coventry	79,629	8	8	-	-	(4,740)	(4,740)	74,889	79,629	
East Providence	463,329	34	35	1	17,000	(22,257)	(5,257)	458,072	480,329	
Lincoln	85,944	8	8	-	-	(2,155)	(2,155)	83,789	85,944	
Newport	133,708	14	9	(5)	(85,000)	27,792	(57,208)	76,500	133,708	
North Providence	127,813	16	16	-	-	(8,427)	(8,427)	119,386	127,813	
North Smithfield	-	-	-	-	-	-	-	-	-	
Pawtucket	92,961	20	19	(1)	(17,000)	3,782	(13,218)	79,743	92,961	
Portsmouth	473,573	30	18	(12)	(204,000)	6,377	(197,623)	275,950	473,573	
Providence	217,663	57	50	(7)	(119,000)	39,696	(79,304)	138,359	217,663	
Smithfield	-	-	6	6	102,000	(28,438)	73,562	73,562	102,000	
South Kingstown	121,823	8	-	(8)	(136,000)	14,177	(121,823)	-	121,823	
Warwick	271,232	24	24	-	-	(22,257)	(22,257)	248,975	271,232	
Woonsocket	-	-	-	-	-	-	-	-	-	
Bristol-Warren	106,028	10	10	-	-	(5,107)	(5,107)	100,921	106,028	
Exeter-West Greenwich	113,304	9	9	-	-	(3,054)	(3,054)	110,250	113,304	
Total	\$2,287,007	238	212	(26)	(\$442,000)	(\$4,611)	(\$446,611)	\$1,840,396	\$2,406,007	\$119,000

¹ Based on final 12/31/2022 report from the Department of Children, Youth and Families. In the FY2023 Revised Budget, a total of 7 beds were added relative to the enacted level, including 1 in East Providence and 6 in Smithfield.

Categorical Programs: When the education funding formula was passed in 2010, five categorical funds were identified that would not be distributed according to the formula, but pursuant to other methodologies intended to address the priorities and funding needs of the districts. These categories include Transportation, High-Cost Special Education, Career & Technical Education, Early Childhood, and the Regionalization Bonus. Article 11 of the FY2017 Budget as Enacted added two new aid categories: English Learners and the Density Fund. The Density Fund support ended in FY2019 but was reestablished in FY2022. Article 9 of the FY2019 Budget as Enacted included a temporary aid category to support new Resource Officers at public middle and high schools, which expired after FY2021. (The Central Falls, Davies and Met School Stabilization Funds are addressed in the Department of Elementary and Secondary Education section of this analysis.)

The FY2024 Budget includes funding for all of these categories, except the Regionalization Bonus, the School Resource Officer Support, and the Density Aid fund, which was replaced with the Enrollment Transition fund, which is included in the funding formula distribution.

- Transportation:** This fund provides funding for transporting students to out-of-district, non-public schools and for 50.0 percent of the local costs associated with transporting students within regional school districts. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget funds this category at \$10.6 million in FY2024, an increase of \$1.4 million over the FY2023 Budget as Enacted to fully fund the regional component of this category.

Categorical	FY2024 Education Aid	
	Change from Enacted	Total Funding
Group Home Aid	(0.4)	1.8
Transportation	1.4	10.6
Early Childhood Education	8.0	22.9
High-Cost Special Education	10.5	15.0
Career & Tech. Schools	-	4.5
English Learners	14.4	19.4
School Choice Density Aid	(0.5)	-
Regionalization Bonus	-	-
School Resource Officer Support	-	-
Total	\$33.3	\$74.3

\$ in millions

- **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 (RFP) process targeting communities in three tiers, with the first tier having the highest concentration of children at risk for poor educational outcomes. These funds are paid to providers through the RFP process and, consequently, are not included in the distribution tables. The Budget funds this category at \$22.9 million in FY2024, an increase of \$8.0 million in general revenue over the FY2023 Budget as Enacted. Of the total increase, \$1.3 million is to fund 35 new classrooms and \$6.7 million is to replace expiring federal funds.

Analyst Note: The Budget also provides \$300,000 in general revenue in the Administration of the Comprehensive Education Strategy (ACES) program for a new lottery system.

- **High-Cost Special Education:** This fund reimburses districts for instructional and related services provided to a student pursuant to an Individual Education Plan (IEP). The State reimburses costs that exceed four times the combined core instruction and student success factor funding (currently \$66,506 for FY2024). The FY2024 Budget as Enacted lowered this threshold from five times. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget fully funds this category at \$15.0 million in FY2024, an increase of \$10.5 million relative to the FY2023 Budget as Enacted.
- **Career and Technical Schools:** This fund contributes toward the initial investment needed to transform existing programs or create new programs and the costs associated with facilities, equipment maintenance and repair, and supplies associated with higher-cost programs at career and technical schools. The Budget level funds this category at \$4.5 million in FY2024.
- **English Learners:** Article 11 of the FY2017 Budget as Enacted established a categorical fund for English Learners (EL). The fund provides additional aid of 15.0 percent of the per-pupil core instruction amount for each qualified EL student. In FY2024, the per-pupil weight is \$1,781, to reflect 15.0 percent of the \$11,876 core instruction amount. The FY2024 Budget as Enacted increase this weight from 10.0 percent. 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 15.0 percent x state share ratio = additional state support per EL student

Pursuant to the FY2024 Budget as Enacted, this support can no longer be ratably reduced based on the total amount appropriated.

The funds are restricted to providing new services to EL students and must be managed in accordance with requirements enumerated by the Commissioner. The Department is required to collect performance reports and approve the use of funds prior to expenditure to ensure the funded activities align to innovative and expansive activities. The Budget provides \$19.4 million in FY2024 to fully fund this category, an increase of \$14.4 million relative to the previous fiscal year.

Article 8 of the FY2024 Budget as Enacted requires the Department to report, as part of the FY2025 budget submission, the number of EL students whose family income is at or below 185 percent of federal poverty guidelines and segment the populations by proficiency. In addition, the Department is required to prepare an expense report for EL education and recommend a funding solution.

- **School Choice Density Aid:** Article 10 of the FY2022 Budget as Enacted reestablished density aid for districts where 5.0 percent or more of the average daily membership (ADM) are enrolled in a charter or state school and provided \$1.0 million in education aid for FY2022. The category provided one \$500 payment for each new resident student enrolled in a charter or state school. For FY2022, the aid was

calculated based on the number of new students attending a public school of choice since FY2019. FY2019 is the last year density aid was provided. In FY2023, the \$500 was paid for each new charter or state school student relative to the previous year. The FY2024 Budget eliminates this aid through Article 8, as the Enrollment Transition Fund includes this population.

- **Regionalization Bonus:** This fund provides a bonus to regionalized districts and those that may regionalize in the future. In the first year, the bonus is 2.0 percent of the State’s share of the total foundation aid. In the second year, the bonus is 1.0 percent of the State’s share and in the third year the bonus phases out. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. This category has not been funded since FY2014, as no new regional districts have been formed.
- **School Resource Officer Support:** Article 9 of the FY2019 Budget as Enacted established an aid category to support new Resource Officers at public middle and high schools. The program provides support for districts to add Resource Officers but does not mandate their use. For FY2019 through FY2021, the State will reimburse one half the cost of salaries and benefits for qualifying positions created after July 1, 2018; however, for schools with fewer than 1,200 students, only one resource officer position is eligible for reimbursement. Schools with 1,200 or more students may receive reimbursement for up to 2 positions. Each resource officer can only be assigned to one school. The Budget does not fund this category since the program expired in FY2021.

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

FY2024 Enacted Education Aid ¹

District	FY2023 Enacted (excludes group home and categoricals)	FY2024 Formula Change	Enrollment Transition Fund	Poverty Loss Stabilization Fund	Transportation	High-cost Special Education (>\$66,506)	Group Home Aid ²	English Learners	Stabilization Funding	FY2024 Aid
Barrington	\$8,549,881	\$1,797,118	\$45,320	\$0	\$290,714	\$405,196	\$0	\$13,017	\$0	\$11,101,246
Burrillville	14,202,416	(1,297,843)	386,447	395,365	19,210	411,319	-	7,706	-	14,124,620
Charlestown	1,341,690	5,989	25,162	-	-	-	-	-	-	1,372,841
Coventry	24,970,883	229,879	650,727	-	48,226	389,170	74,889	12,277	-	26,376,051
Cranston	70,899,984	940,336	543,446	-	634,759	737,192	-	666,535	-	74,422,252
Cumberland	22,111,359	1,928,623	-	-	35,542	207,096	-	76,547	-	24,359,167
East Greenwich	4,603,416	783,479	24,573	-	111,409	557,507	-	4,631	-	6,085,015
East Providence	37,474,787	(1,630,053)	-	1,757,349	3,004	966,004	458,072	157,395	-	39,186,557
Foster	1,114,963	12,374	29,639	-	-	65,389	-	-	-	1,222,365
Glocester	2,525,892	333,551	-	-	-	31,062	-	-	-	2,890,505
Hopkinton	5,826,031	437,694	77,232	-	-	-	-	-	-	6,340,957
Jamestown	303,378	16,183	15,051	-	-	460,064	-	242	-	794,918
Johnston	20,222,498	1,068,621	131,630	-	167,003	692,350	-	146,632	-	22,428,734
Lincoln	16,848,216	(153,442)	-	710,359	-	201,833	83,789	30,767	-	17,721,522
Little Compton	448,877	(169,405)	27,542	55,312	-	-	-	-	-	362,326
Middletown	8,437,018	(1,594,613)	248,440	612,178	-	128,939	-	65,292	-	7,897,254
Narragansett	2,263,400	(280,084)	134,008	40,367	-	97,906	-	539	-	2,256,135
Newport	15,485,382	(1,408,145)	741,630	-	-	62,651	76,500	254,091	-	15,212,110
New Shoreham	219,323	(124,619)	4,592	51,255	-	-	-	1,441	-	151,991
North Kingstown	11,488,078	(345,251)	240,723	348,269	-	162,479	-	27,062	-	11,921,360
North Providence	27,396,780	(42,536)	37,568	507,184	164,940	617,462	119,386	245,272	-	29,046,056
North Smithfield	6,430,600	913,088	75,132	-	27,523	152,557	-	7,735	-	7,606,634
Pawtucket	98,315,617	2,925,015	3,239,496	-	243,621	525,509	79,743	1,845,138	-	107,174,138
Portsmouth	3,182,031	(584,316)	110,168	233,090	-	375,692	275,950	1,073	-	3,593,688
Providence	273,476,554	(11,214,819)	8,103,721	-	502,097	1,955,903	138,359	9,904,518	-	282,866,332
Richmond	5,414,854	249,657	106,015	-	-	-	-	-	-	5,770,526
Scituate	2,447,265	963,515	102,902	-	72,134	130,952	-	829	-	3,717,597
Smithfield	7,203,808	1,499,671	-	-	62,344	77,840	73,562	9,649	-	8,926,874
South Kingstown	4,756,321	307,391	265,354	-	105,682	482,243	-	6,014	-	5,923,005
Tiverton	7,026,480	(1,556,770)	131,959	788,068	-	567,498	-	4,118	-	6,961,353
Warwick	40,874,590	1,910,184	1,084,283	-	26,207	1,669,039	248,975	85,192	-	45,898,470
Westerly	8,313,966	(466,235)	453,990	-	-	459,590	-	19,786	-	8,781,097
West Warwick	32,061,919	5,159,583	477,117	-	47,924	130,042	-	107,066	-	37,983,651
Woonsocket	72,118,992	7,882,781	1,157,678	-	31,673	585,561	-	1,096,065	-	82,872,750
Bristol-Warren ³	11,768,674	(727,882)	413,475	174,223	2,348,584	521,073	100,921	20,385	-	14,619,453
Exeter-West Greenwich ³	4,498,794	354,946	122,224	56,130	1,749,593	374,226	110,250	3,499	-	7,269,662
Chariho	-	-	-	-	2,999,749	178,347	-	6,704	-	3,184,800
Foster-Glocester ³	5,307,321	155,712	91,895	-	877,546	226,783	-	-	-	6,659,257
Central Falls	38,815,845	(1,179,971)	651,703	-	61,119	223,980	-	1,944,498	11,126,174	51,643,349
District Total	\$918,747,883	\$7,099,405	\$19,950,838	\$5,729,149	\$10,630,603	\$14,830,454	\$1,840,396	\$16,771,714	\$11,126,174	\$1,006,726,616
Charter School Total	137,747,584	16,140,975	-	-	-	169,545	-	2,550,466	-	156,608,570
Davies	8,930,775	1,015,057	-	-	-	-	-	19,116	5,775,461	15,740,409
Met School	8,708,054	(110,460)	-	-	-	-	-	72,040	2,013,334	10,682,968
Urban Collaborative	1,693,976	146,121	-	-	-	-	-	24,606	-	1,864,703
Youth Build Academy	1,727,458	165,085	-	-	-	-	-	-	-	1,892,543
Total	\$1,077,555,730	\$24,456,183	\$19,950,838	\$5,729,149	\$10,630,603	\$15,000,000	\$1,840,396	\$19,437,942	\$18,914,969	\$1,193,515,810

¹ Based on March 2023 enrollment updated for projected charter school growth.

² Based on final 12/31/2022 report from the Department of Children, Youth and Families. In the FY2023 Revised Budget, a total of 7 beds were added relative to the enacted level, including 1 in East Providence

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.

Source: Rhode Island Department of Education

The following table shows the difference in education aid relative to the FY2023 Budget as Enacted.

FY2024 Enacted Education Aid - Change to FY2023 Budget as Enacted

Districts	FY2023 Enacted (includes group home and categoricals)	FY2024 Formula Change	Enrollment Transition Fund net FY2023 Density Aid	Poverty Loss Stabilization Fund	Transportation	High-cost Special Education (>\$66,506)	Group Home ¹	English Learners	Stabilization Funding	Total Change
Barrington	\$8,828,606	\$1,797,118	\$45,320	\$0	\$106,682	\$314,642	\$0	\$8,878	\$0	\$2,272,640
Burrillville	14,410,118	(1,297,843)	386,447	395,365	(18,575)	242,092	0	7,015	-	(285,498)
Charlestown	1,341,689	5,989	25,162	-	-	-	-	-	-	31,151
Coventry	25,098,897	229,879	650,727	-	26,449	366,329	(4,740)	8,509	-	1,277,153
Cranston	72,154,949	940,336	543,446	-	(174,439)	450,505	-	507,455	-	2,267,303
Cumberland	22,263,569	1,928,623	(6,000)	-	(81,233)	193,922	-	60,286	-	2,095,598
East Greenwich	4,841,875	783,479	24,573	-	(26,307)	458,527	-	2,868	-	1,243,139
East Providence	38,149,384	(1,630,053)	-	1,757,349	93	799,624	(5,257)	115,418	-	1,037,174
Foster	1,137,350	12,374	29,639	-	-	43,002	-	-	-	85,015
Glocester	2,551,793	333,551	-	-	-	5,161	-	-	-	338,712
Hopkinton	5,826,634	437,694	77,232	-	-	-	-	(603)	-	514,323
Jamestown	391,663	16,183	15,051	-	-	371,780	-	242	-	403,256
Johnston	20,720,127	1,068,621	131,630	-	(12,178)	409,647	-	110,888	-	1,708,608
Lincoln	17,055,188	(153,442)	(2,500)	710,359	-	90,980	(2,155)	23,091	-	666,333
Little Compton	448,878	(169,405)	27,542	55,312	-	-	-	-	-	(86,551)
Middletown	8,476,388	(1,594,613)	248,440	612,178	-	102,655	-	52,207	-	(579,134)
Narragansett	2,271,278	(280,084)	134,008	40,367	-	90,077	-	490	-	(15,143)
Newport	15,698,952	(1,408,145)	741,630	-	-	48,632	(57,208)	188,248	-	(486,843)
New Shoreham	240,792	(124,619)	4,592	51,255	-	(21,221)	-	1,193	-	(88,801)
North Kingstown	11,547,833	(345,251)	240,723	348,269	-	108,800	-	20,986	-	373,527
North Providence	28,223,849	(42,536)	23,068	507,184	(12,476)	165,398	(8,427)	189,998	-	822,208
North Smithfield	6,533,858	913,088	75,132	-	7,733	72,128	-	4,697	-	1,072,777
Pawtucket	99,145,207	2,925,015	3,219,996	0	27,344	498,656	(13,218)	1,371,139	-	8,028,931
Portsmouth	3,772,245	(584,316)	110,168	233,090	(17,886)	277,166	(197,623)	844	-	(178,558)
Providence	277,923,361	(11,214,819)	7,690,221	0	36,694	1,290,696	(79,304)	7,219,482	-	4,942,970
Richmond	5,415,636	249,657	106,015	-	-	-	-	(782)	-	354,890
Scituate	2,603,876	963,515	102,902	-	20,778	25,696	-	829	-	1,113,720
Smithfield	7,281,434	1,499,671	-	-	(1,431)	66,247	73,562	7,390	-	1,645,439
South Kingstown	5,140,323	307,391	265,354	-	(31,507)	358,591	(121,823)	4,676	-	782,683
Tiverton	7,236,769	(1,556,770)	131,959	788,068	-	357,936	-	3,391	-	(275,416)
Warwick	41,873,277	1,910,184	1,084,283	-	(5,461)	992,969	(22,257)	65,475	-	4,025,192
Westerly	8,379,537	(466,235)	453,990	-	-	399,094	-	14,711	-	401,560
West Warwick	32,123,086	5,159,583	477,117	-	11,327	130,042	-	82,497	-	5,860,566
Woonsocket	72,528,817	7,882,781	1,134,178	-	(5,410)	493,648	-	838,736	-	10,343,933
Bristol-Warren	14,008,318	(727,882)	413,475	174,223	314,896	427,563	(5,107)	13,968	-	611,135
Exeter-West Greenwich	6,213,654	354,946	122,224	56,130	328,442	194,367	(3,054)	2,953	-	1,056,008
Chariho	2,405,627	-	-	-	602,216	170,253	-	6,704	-	779,173
Foster-Glocester	5,961,182	155,712	91,895	-	272,025	178,806	-	(364)	-	698,074
Central Falls	49,633,418	(1,179,971)	610,703	-	(6,366)	173,236	-	1,431,647	980,680	2,009,930
District Total	\$949,859,438	\$7,099,405	\$19,430,338	\$5,729,149	\$1,361,409	\$10,347,646	(\$446,611)	\$12,365,161	\$980,680	\$56,867,178
Charter School Total	138,323,012	16,140,975	-	-	-	152,353	-	1,992,229	-	18,285,557
Davies	14,779,131	1,015,057	-	-	-	-	-	14,812	(68,591)	961,278
Met School	9,813,606	(110,460)	-	-	-	-	-	48,597	931,225	869,362
Urban Collaborative	1,701,440	146,121	-	-	-	-	-	17,143	-	163,264
Youth Build Academy	1,727,458	165,085	-	-	-	-	-	-	-	165,085
Total	\$1,116,204,084	\$24,456,183	\$19,430,338	\$5,729,149	\$1,361,409	\$10,500,000	(\$446,611)	\$14,437,943	\$1,843,314	\$77,311,724

¹ Based on final 1/3/2023 report from the Department of Children, Youth and Families.

² Based on March 2023 adjusted for 2023-24 PSOC.

Source: Rhode Island Department of Education

SCHOOL CONSTRUCTION AID

In 1960, the school housing aid program was enacted by the General Assembly to guarantee adequate school facilities for all public-school children in the state, and to prevent the cost of constructing and repairing facilities from interfering with the effective operation of the schools. Applications for aid to support the construction and renovation of school buildings are submitted to and evaluated by the Rhode Island Department of Elementary and Secondary Education (RIDE). State aid is provided for approved projects based on a percentage of cost. The percentage provided by the State to the school district is determined based on a share ratio designed to measure a community's need. For FY2024, the minimum state share is 35.0 percent and the maximum is 96.4 percent for Central Falls: the state share for charter schools is 30.0 percent.

The 2010 General Assembly passed legislation increasing the minimum share ratio for traditional school districts from 30.0 percent in FY2011 to 35.0 percent in FY2012 and to 40.0 percent in FY2013. The 2012 General Assembly froze the reimbursement rate at 35.0 percent, but provided that projects completed after June 30, 2010, that received approval from the Board of Regents by June 30, 2012, receive the 40.0 percent minimum.

The 2011 General Assembly enacted legislation that required RIDE to develop recommendations for cost containment strategies in the school housing aid program. The following recommendations were submitted on March 22, 2012:

- Establish capital reserve funds on the state and local level.
- Reduce the minimum share ratio.
- Limit costs associated with bonding by establishing a mechanism to allow districts with poor bond ratings to borrow at a lower interest rate, reduce the State's reimbursement rate on interest, and provide incentives for districts to refinance bonds.

Article 9 of the FY2019 Budget as Enacted provided temporary incentives to encourage districts to improve the condition of public-school buildings in Rhode Island, established a permanent incentive for school safety and security projects, and established school maintenance expenditure requirements.

While historically funded at \$80.0 million annually, for FY2024 based on current projections, the Budget provides \$104.2 million, an increase of \$15.6 million over the FY2023 Budget as Enacted. While the entire amount is expected to be used for housing aid entitlements, any surplus will be deposited into the School Building Authority Capital Fund. Based on May 2023 projections, housing aid entitlements are projected to increase to \$114.5 million in FY2025, \$130.6 million in FY2026, and \$145.9 million in FY2027.

School Building Authority Capital Fund: Article 9 of the FY2016 Budget as Enacted designated the Department of Elementary and Secondary Education (Department) as the State's School Building Authority (SBA) and charged the Department with implementing a system of state funding for school facilities, managing the school housing aid program, and developing a project priority system. The Authority oversees two distinct funding mechanisms for school facilities: the Foundation Program, as enumerated in RIGL 16-7-35 through 16-7-47, and the School Building Authority Capital Fund (Capital Fund), as created through the article. The FY2016 Budget added 1.0 FTE position to the Department for a new construction manager to assist in developing procedures for the proposed Capital Fund. In FY2016, the Department received a one-time, pass-through appropriation of \$20.0 million in new general revenue to capitalize the

Capital Fund, which is held in trust and administered by the Rhode Island Health and Education Building Corporation (RIHEBC).

The FY2019 Budget as Enacted required the SBA to provide technical assistance and guidance to school districts on the necessity of school construction application process; and provided that for FY2019 and FY2020 the amount transferred from the Foundation Program was to be used for this purpose. According to the SBA, each of the 38 LEA's that requested technical assistance in FY 2019 and FY 2020 were provided with an award for a total of \$3.7 million.

In FY2022, the Budget as Enacted provided \$590,814 in general revenue from the surplus construction aid to the Capital Fund; however, the revised budget provided a total of \$9.0 million in surplus funds. The increase was due to construction delays, caused by the COVID-19 pandemic, and bond refinancing. Several communities refinanced to take advantage of the low interest rates, saving a total of \$8.5 million in total debt service payments that was shared between the municipalities and the State.

In FY2023, in addition to the \$250.0 million school building bond referendum in Article 5, the FY2023 Budget as Enacted provided \$50.0 million in general revenue to the School Building Authority to address high-priority projects including upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students.

School Construction Services (restricted receipts): Through Article 9, the FY2019 Budget as Enacted shifted the 3.0 FTE positions responsible for the administration of the school construction program from general revenue to a new school construction services restricted receipt account, and added 1.0 FTE Director of School Construction Services. The restricted receipt account, named "School Construction Services", is funded by the Rhode Island Health and Education Building Corporation (RIHEBC) from the School Building Authority Capital Fund, fees generated from the origination of municipal bonds and other financing vehicles used for school construction, and its own reserves. There is no limit on the amount or type of expenses that will be funded; however, Article 9 limited the fee that RIHEBC can imposed on cities, towns and districts to one tenth of one percent (0.001) of the principal amount of the bond. The shortfall between the revenue and the transfer is funded from RIHEBC reserves. In addition to the transfers to the SBA, since 2006, RIHEBC has transferred \$14.3 million to the state general fund, including \$6.0 million in FY2018.

The FY2023 Revised Budget provides \$990,152 in total funding, including \$690,073 in general revenue and \$300,079 in restricted receipts from RIHBC. The increase from FY2022 to FY2023 was due to the addition of 2.0 new positions and increased contracted services cost to manage the increased volume of applications related to the bond initiative. In FY2024, the budget includes \$995,856 in total funding, including \$695,703 in general revenue and \$300,153 in restricted receipts from RIHBC.

Analyst Note: As of June 2023, RIHEBC is projecting bond fee revenue totaling \$85,000 in FY2023. The initial projection of \$335,845 assumed eight school districts would issue bonds during the fiscal year; however, only one district actually did, resulting in \$85,000 in revenue. Six deferred until FY2024 and the remaining \$100,000 reflects the Central Falls issuance which will not close until FY2024.

	Transfers to the Capital Fund		
	Foundation Program	Other	Total
		General Revenue	
FY2016 Actual	\$0.0	\$20.0	\$20.0
FY2017 Actual	11.0	-	11.0
FY2018 Actual	10.9	-	10.9
FY2019 Actual	14.7	-	14.7
FY2020 Actual	1.0	-	1.0
FY2021 Actual	1.0	-	1.0
FY2022 Actual	9.0	-	9.0
FY2023 Projected	3.8	50.0	53.8
Total	\$51.4	\$70.0	\$79.5

Source: Budget databases. \$ in millions

	School Construction Services		
	RIHEBC Bond Fee Revenue	Transferred to SBA	Difference
	FY2019 Actual	\$681,447	(\$737,735)
FY2020 Actual	71,840	(770,946)	(699,106)
FY2021 Actual	303,180	(677,945)	(374,765)
FY2022 Actual	222,990	(257,613)	(34,623)
FY2023 Projected	85,000	(255,752)	(170,752)
Total	\$1,364,457	(\$2,699,991)	(\$1,335,534)

Source: RIHEBC July 14, 2023.

Facility Equity Initiative Pilot Program: At the January 11, 2022, meeting, the Council on Elementary and Secondary Education approved funding for the Facility Equity Initiative pilot program to provide pay-go funding for high priority projects in school districts with reimbursement rates over 65.0 percent, including Central Falls, Pawtucket, Providence, West Warwick, and Woonsocket. This project would focus on high priority projects to improve the health and safety of students and promote equity across the State. The new Capital Fund will provide up-front funding instead of increasing the school construction allocation in the annual budget and reduce costs by eliminating interest payments on the funded projects.

The projects approved by the Council for FY2022 are supported with the \$9.0 million, from construction delays and bond refinancing, plus an additional \$3.0 million from prior year surpluses, and \$1.5 million in support from the Office of Energy Resources (OER) fund to the Facility Equity Initiative pilot program. The funding was distributed, in partnership with OER and the Division of Equity, Diversity, Inclusion (DEDI). After evaluating 53 applications from 5 LEAs, the funds were awarded to 5 districts on a priority basis designed to have the greatest impact on facility gaps between districts.

FY2022 SBA Capital Fund	
Facility Equity Initiative Pilot Program	
Central Falls	\$3.6
Pawtucket	4.4
Providence	4.5
West Warwick	0.5
Woonsocket	0.5
Total	\$13.4

While this program was only a pilot, with the approval of the \$250.0 million school construction bond in November 2022, Article 10 of the FY2023 Budget provided that \$50.0 million be transferred to the School Building Authority Capital Fund to address high-priority projects including upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students. The SBA expanded the pilot program to include the ten LEAs with a base reimbursement rate over 45.0 percent, thus doubling the number of eligible schools.

Of the \$50.0 million appropriated in FY2023, \$49.1 million was distributed as follows:

- \$26.0 million funded the Facility Equity Initiative, an additional \$4.0 million was contributed by the Office of Energy Resources.
- \$14.0 million (plus \$1.0 million from the career and technology school fund) was distributed through the 21st Century Technology and Equipment Funds to provide LEAs funds to ensure that learning spaces are equipped with technology, furniture, and equipment that support science technology, engineering, and math project-based learning.
- \$7.5 million was used for the Inside Out program to provide outdoor classrooms.
- \$1.6 million was awarded through the Menu for Success program providing students with the opportunity to design and operate food trucks.
- \$850,000 is being used toward the new W.E.L.L. Initiative to meet the holistic needs of student in the wake of the pandemic. Local education agencies will be eligible for up to \$150,000 depending on enrollment. LEAs will be provided with \$5,000 to conduct professional development to support the award. Additional funding for this initiative includes \$1.6 million in federal ESSER II funds and \$500,000 in Opioid Settlement funding.

FY2023 SBA Capital Fund	
Facility Equity Initiative Program	
Burrillville	\$0.3
Central Falls	4.2
Coventry	3.2
Cranston	1.9
East Providence	2.2
North Providence	2.8
Pawtucket	2.8
Providence	9.3
West Warwick	0.6
Woonsocket	2.9
Total	\$30.2

FY2023 Supplemental Budget

STATEWIDE

Centralized Services Correction

\$11.2 million

The Budget increases general revenue expenditures by \$11.2 million (\$15.8 million all funds) to reflect billed amounts for information technology services, capital asset management and maintenance, and human resources. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

The FY2023 Budget as Enacted appropriated \$73.1 million in general revenue (\$93.9 million all funds) for centralized services, which is increased by \$11.2 million in general revenue (\$15.8 million all funds) to \$84.4 million in general revenue (\$109.7 million all funds) in the FY2023 Final Budget. There is a corresponding increase of \$3.8 million in federal funds, \$192,355 in restricted receipts, and \$512,752 in other funds.

The table illustrates the adjustments in each agency.

Agency	FY2023 Enacted	FY2023 Final	Change
BHDDH	\$14,553,026	\$18,936,027	\$4,383,001
Board of Elections	104,480	118,280	13,800
Coastal Resources Management Council	23,715	22,467	(1,248)
Commission on the Deaf & Hard of Hearing	71,678	95,888	24,210
Department of Administration	11,441,629	11,050,921	(390,708)
Department of Business Regulation	2,192,463	2,184,340	(8,123)
Department of Children, Youth, and Families	2,803,951	2,156,340	(647,611)
Department of Corrections	15,602,610	20,624,216	5,021,606
Department of Environmental Management	3,359,607	3,489,749	130,142
Department of Health	3,061,273	3,360,600	299,327
Department of Human Services	7,058,309	8,467,078	1,408,769
Department of Labor and Training	1,411,794	1,427,205	15,411
Department of Public Safety	1,154,586	1,612,104	457,518
Department of Revenue	6,394,671	6,394,178	(493)
Elementary and Secondary Education	148,033	108,692	(39,341)
Executive Office of Commerce	330,440	421,442	91,002
Executive Office of Health and Human Services	1,732,776	2,153,154	420,378
General Assembly	25,000	12,008	(12,992)
Governor's Commission on Disabilities	33,335	33,499	164
Historical Preservation and Heritage Commission	185,575	221,375	35,800
Judiciary	6,042	(18,508)	(24,550)
Military Staff	61,927	71,889	9,962
Office of Attorney General	60,401	51,185	(9,216)
Office of Lieutenant Governor	50,984	52,958	1,974
Office of Public Defender	11,907	11,186	(721)
Office of the Child Advocate	92,954	106,533	13,579
Office of the General Treasurer	229,531	318,433	88,902
Office of the Governor	179,685	180,499	814
Office of the Mental Health Advocate	109,706	120,938	11,232
Office of the Postsecondary Commissioner	47,540	37,483	(10,057)
Rhode Island Atomic Energy Commission	23,622	12,578	(11,044)
Rhode Island College	(2,312)	-	2,312
Rhode Island Commission for Human Rights	22,801	12,461	(10,340)
Rhode Island Council on the Arts	87,719	75,237	(12,482)
Rhode Island Emergency Management Agency	342,143	356,673	14,530
Rhode Island Ethics Commission	75,986	78,260	2,274
Secretary of State	37,068	5,388	(31,680)
Total	\$73,126,655	\$84,362,756	\$11,236,101

UNAP Contract Adjustment

\$1.4 million

The Budget includes a statewide general revenue increase of \$1.4 million in general revenue for increased costs associated with the United Nurses and Allied Professionals (UNAP) contract signed in December 2022. UNAP is the union that represents nurses employed in multiple state agencies. Some of the provisions provided in the contract include a salary increase for employees with eight or more years of service, as well as an increase in the education bonus for members with a BA in a nursing-related field from \$750 to \$1,500, and for those with a Master of Science degree from \$2,000 to \$3,000. The contract also provides an annual clothing allowance of \$500 and increases the shift differential pay from \$0.70 per hour to \$2.50 per hour. In addition, the number of steps in each pay grade increases from 14 steps to 19, with step increases provided after 15, 20, 25, 30, and 40 years of services. The following table shows the increased cost in each agency.

**United Nurses & Allied Professionals Labor Contract - signed December 2022 (GBA
FY2023**

Department	General Revenue	Federal Funds	Restricted Receipts	Total
EOHHS	\$33,847	\$33,844	\$0	\$67,691
DCYF	28,572	-	-	28,572
DOH	93,546	93,544	10,841	197,931
DHS	359,424	162,831	-	522,255
BHDDH	761,100	521,850	-	1,282,950
URI	93,063	-	-	93,063
RIC	28,375	-	-	28,375
CCRI	17,202	-	-	17,202
Total	\$1,415,129	\$812,069	\$10,841	\$2,238,039

DEPARTMENT OF ADMINISTRATION

RICAP Fund Transfer

\$242.4 million

The Budget includes a one-time transfer of \$257.4 million in general revenue to the Rhode Island Capital Plan (RICAP) fund in FY2023, reflecting an increase of \$242.4 million over the \$15.0 million appropriated in the FY2023 Budget as Enacted. The Budget includes a one-time transfer of \$182.4 million in general revenue from the FY2022 surplus to the Rhode Island Capital Plan fund for the state match to federal transportation funds. This includes general state match funding as well as replacement revenue for the expected truck toll revenue losses through FY2024 and FY2025.

FEMA Contingency Reserve Shift

(\$10.0 million)

The Budget removes \$10.0 million in general revenue for a one-time contingency reserve to be used in the event that the federal FEMA reimbursements differ from the State estimation and assumptions. The intent of the reserve fund is to absorb potential discrepancies between state claims and what FEMA ultimately reimburses. Article 1 includes language that all unexpended or unencumbered balances relating to the FEMA Contingency Reserve be reappropriated to FY2024.

3rd Quarter Adjustment

(\$2.7 million)

The Budget decreases general revenue by \$2.7 million based on anticipated savings as stated in the third quarter report. This adjustment is offset by increases of \$25,000 in federal funds, \$1,500 in restricted receipts, and \$300,000 in other funds, resulting in a net decrease of \$2.4 million.

Debt Service

(\$2.6 million)

The Budget decreases general revenue funded debt service payments by \$2.6 million. The reduction reflects adjustments to several debt service accounts including: a reduction of \$5.3 million for State general obligation debt service that primarily reflects the delay of a new bond issuance originally slated for FY2023. This decrease is offset by increases of \$1.2 million for the Rhode Island School Building debt service; an increase of \$556,352 in I-195 Land Acquisition; an increase of \$474,878 for Affordable Housing GO Bonds; and, a net increase of \$405,862 on twelve other debt service items.

Debt Service	FY2023 Enacted	FY2023 Final	Change
G.O. Bond New Bond Issue Projected Costs	\$5,270,000	\$0	<i>(\$5,270,000)</i>
RI School Buildings	8,799,870	10,005,075	1,205,205
I-195 Land Acquisition	2,442,413	2,998,765	556,352
DOA - Affordable Housing GO Bonds	6,698,592	7,173,470	474,878
All Other Debt Service	130,780,220	131,186,082	405,862
Total	\$153,991,095	\$151,363,392	<i>(\$2,627,703)</i>

Wrongful Conviction Awards**\$1.5 million**

The Budget includes \$1.5 million in general revenue to cover the cost of one payment totaling \$134,481 and \$1.3 million for seven additional payments expected in FY2023, for wrongful conviction payments. Authorized under Public Law 2021 Chapter 235 and 236, the law allows anyone who was wrongfully sentenced to prison for more than one year to petition the presiding justice of Rhode Island Superior Court for compensation and damages. If the court finds that the claimant was wrongfully imprisoned, the court will grant an award of \$50,000 for each year served in a correctional facility. If the individual was imprisoned for less than one year, the claimant will receive 1/365 of \$50,000 for each day served. The award can include damages such as attorney's fees no greater than \$15,000, plus compensation for reasonable costs including housing, transportation, subsistence, re-integrative services, and mental and physical health care costs. The Office of the Attorney General has not provided the Department with a potential out-year estimate of future payments.

FEMA Claiming Delay**\$694,278**

The Budget increases general revenue by \$694,278 for federal expenditures pending approval by the Federal Emergency Management Agency (FEMA), that occurred in FY2023 by remain unapproved by June 30, 2023. The accounting standards require these expenditures to be recognized as FY2023 general revenue expenditures, with corresponding general revenue increases in the FY2024 general revenue fund balance (opening surpluses) as the FY2023 based expenditures are approved by FEMA and funds are released to the State. There is a corresponding decrease of \$25,117 in federal funds.

General Officer Transition Costs**(\$350,000)**

The Budget removes \$350,000 in general revenue for transition costs associated with the 2022 General Election and instead appropriates the funds within the affected general office agencies.

HealthSourceRI**(\$332,795)**

The Budget shifts \$332,795 in general revenue from FY2023 to FY2024, to account for the timing of expenditures related to the Consolidated Appropriations Act of 2023, and specifically the delay in unwinding of the public health emergency and redetermination schedule from a start of January 1, 2023, to a start of April 1, 2023. There is a corresponding decrease of \$243,111 in restricted receipts.

Cybersecurity 10.0 Percent Federal Match Grant**(\$219,050)**

The Budget eliminates \$219,050 in general revenue for the required 10.0 percent state match associated with the federal government's State and Local Cybersecurity Grant Program authorized under H.R.3684 - Infrastructure and Jobs Act, Subtitle B - State and Local Cybersecurity Improvement Act, Sec. 70612 State and Local Cybersecurity Grant Program. The State will be receiving federal grant funding over four years to improve the cybersecurity maturity across State and local government. This grant has a scaled State matching requirement over four federal fiscal years: 10.0 percent in FFY2023, 20.0 percent in FFY2024, 30.0 percent in FFY2025, and 40.0 percent in FFY2026. The FY2024 Budget includes \$500,000 for the required 10.0 percent state match in FY2024.

Tort Awards**\$125,000**

The Budget adds \$125,000 in general revenue for court tort awards. Funding in the tort account is used to pay for tort/court award judgments against the State of Rhode Island. The FY2023 appropriation of \$675,000 was based on historical expenditures and updated information from the Office of the Attorney General. However, as of May 25, 2023, a total of \$799,887 had been expended leaving a deficit of \$124,887.

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

The Budget eliminates federal funding from the American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) for COVID-19 Ongoing Response activities. This results in a reduction of \$73.0 million in federal funds, as compared to the FY2023 Budget as Enacted. The Budget does shift \$41.8 million of these funds to continue the response activities to FY2024.

The FY2023 Budget as Enacted included federal ARPA SFRF funds to continue COVID-19 mitigation activities and to address public health impacts, such as Covid-19 testing, vaccine campaign, case investigation, contact tracing efforts; and, for public health emergency response supports such as data and reporting; and communications. To date, no expenditures have been made in FY2023.

ARPA CPF: RIC Student Services Center (federal funds) (\$5.0 million)

The Budget removes \$5.0 million in ARPA Capital Project Funds for the planned construction of a Student Services Center at Rhode Island College, that would have consolidated student services into one location that currently exist in various locations around the campus. The State received notice from the federal government that the planned project is not an approved allocation for ARPA Capital Project Fund use. The total project cost is \$35.0 million and the planned appropriations were \$5.0 million in FY2023 and \$30.0 million in FY2024. There is a corresponding decrease of \$30.0 million in the FY2024 Budget.

Regional Greenhouse Gas Initiative (restricted receipts) \$15.0 million

The Budget includes \$27.5 million in restricted receipts for grant awards, personnel, and operating support as part of the Regional Greenhouse Gas Initiative (RGGI). This reflects an increase of \$15.0 million from the FY2023 Budget as Enacted, of which \$2.4 million reflects awards that fund a variety of consumer benefit programs, including energy efficiency, renewable energy, direct energy bill assistance and other greenhouse gas reduction programs.

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

Information Technology Investment Fund (restricted receipts) \$8.8 million

The Budget includes \$63.4 million in restricted receipts for the Information Technology Investment Fund (ITIF), reflecting an increase of \$8.8 million in restricted receipts from the FY2023 Budget as Enacted. The Fund is a restricted receipt account for the State’s technology initiatives and improvement projects. The following table illustrates the ITIF project changes in the FY2023 Final Budget.

ITIF Projects	FY2023 Enacted	FY2023 Final	Change
Information Technology Investment Fund (ITIF)	\$13,229,160	\$12,172,179	(\$1,056,981)
ITIF - Enterprise Resource Planning IT Improvements Project	19,900,000	21,269,220	1,369,220
ITIF - DLT Mainframe Replacement	9,680,000	14,680,000	5,000,000
ITIF - Hospital Electronic Medical Records	10,400,000	1,400,000	(9,000,000)
ITIF - RI Children's Information System Project	1,380,000	750,000	(630,000)
ITIF- DEM Permit and Licensing IT Investments	-	3,710,000	3,710,000
ITIF - Wi-Fi and Tech at the ACI	-	3,250,000	3,250,000
ITIF- RI Bridges Mobile Access and Child Care Tracking	-	2,373,689	2,373,689
ITIF- DOR Tax Modernization- STAARS Cloud Migration & Other	-	2,300,000	2,300,000
ITIF- DBR e-Licensing and Blockchain Digital Identity	-	1,500,000	1,500,000
Total	\$54,589,160	\$63,405,088	\$8,815,928

National Electric Vehicle Infrastructure Formula Program (other funds) \$800,000

The Budget adds \$800,000 in other funds reflecting an operating transfer of federal funds awards to the State under the National Electric Vehicle Infrastructure Formula Program (NEVI Formula), to provide funding to States to strategically deploy electric vehicle (EV) charging infrastructure and to establish an interconnected network to facilitate data collection, access, and reliability.

According to the Budget Office, this is a technical adjustment to recognize a subaward between the Department of Administration and the Department of Transportation, that will be drawn from the

Intermodal surface Transportation Fund, but listed as an operating expense under the Office of Energy Resources.

Rhode Island Capital Fund (RICAP) Changes (other funds) (\$9.7 million)

The Budget includes \$62.0 million in RICAP funds, reflecting a net decrease of \$9.7 million in RICAP funds based on current expenditures and projections. The following are changes to various projects:

- **Big River Management Area:** The Budget adds \$173,600 in RICAP funds, for a total appropriation of \$600,600, in order to pay ongoing roads assessment, cameras, and demolition costs for two vacant structures.
- **Accessibility Facility Renovations:** The Budget adds \$400,000 in RICAP funds to fully fund handicap accessibility projects at State owned facilities. This increases the appropriation to \$1.4 million.
- **560 Jefferson Boulevard:** The Budget eliminates RICAP funds in FY2023 and shifts \$150,000 from FY2023 to FY2024, reflecting updated project estimates for asset protection work on the facility, including HVAC mechanical rooftop equipment. The structure houses the Office of the Post-Secondary Commissioner, the Office of Veteran Affairs, and programs under the Department of Business Regulation.
- **Arrigan Center:** The Budget reduces \$825,000 in RICAP funds for this project. To date no funds have been expended on asset protection items such as roof, wood trim, windows and masonry repairs. In addition, the project involves upgrades to the HVAC system and rehabilitation of the pool and pool deck. Funding for the project is delayed for this project as the future use of this facility is uncertain at this time.
- **Cannon Building:** The Budget shifts \$1.9 million in RICAP funds from FY2023 to FY2027 for the Cannon Building, located in Providence, that houses the Department of Health. The building is undergoing a full building renovation plan. However, until the completion of the plan, the structure requires asset protection work including, exterior weatherproofing of the structure, HVAC system repair or replacement, and restroom updates. The shift reflects updated estimates and delays in the five-year plan for this project.
- **Pastore Water Utility System:** The Budget removes \$207,681 in RICAP funds for the Pastore Water Utility System. This project is consolidated as part of the Pastore Center Infrastructure project.
- **Washington County Government Center:** The Budget reduces \$495,289 in RICAP funds for the Washington County Government Center based on updated estimates for this project. The project involves HVAC system replacement and elevator repairs.
- **BHDDH Substance Abuse Asset Protection:** The Budget adds \$164,471 in RICAP for substance abuse group home asset protection projects. This action provides an appropriation of \$664,471 in FY2023. Projects include general renovations to state-owned substance abuse facilities to include remodeling for ADA compliance, replacement of roofs, HVAC systems, and emergency repairs.
- **IT Operations Center:** The Budget shifts \$3.0 million in RICAP funds from FY2023 with \$2.0 million to FY2024 and \$1.0 million to FY2025, to continue to upgrade the data center facility at 50 Service Avenue in Warwick. The building has been renovated and is occupied by the Division of Enterprise Technology Strategy Service and the State Treasurer. The planned projects at the facility include HVAC upgrades, roof replacement, replacement of the generator and a transfer switch.
- **Medical Examiner Building:** The Budget shifts \$4.9 million in RICAP funds to FY2024, for the build-out of the new Medical Examiner's Building located at 900 Highland Corporate Drive, Cumberland (Building # 3).

- **Pastore Center Medical Building Asset Protection:** The Budget removes \$500,000 in RICAP funds for Pastore Center Medical Buildings health and life safety asset protection expenses related to the Benton, Mathias, and Adolph Meyer Hospitals. The Budget includes \$13.0 million in RICAP funds from FY2024 to FY2028.
- **Pastore Center Building Demolition:** The Budget shifts \$1.2 million in RICAP funds to FY2025 for the demolition of vacant buildings at the Pastore Government Center, including a \$150,000 carryforward from FY2022.
- **Pastore Infrastructure:** Based on the Department of Administration’s updated plans, the Budget removes \$11.0 million in RICAP funds in FY2023 for infrastructure improvements at the Pastore Campus. These improvements include the replacement of water and sewer lines, as well as work on the power plant transformer, electrical lines, heating conduits, and the campus IT system. The Budget includes \$115.0 million in RICAP funds from FY2024 to FY2028 for these improvements.
- **State Office Reorganization and Relocation:** The Budget adds \$1.5 million in RICAP funding for the redesigning and relocating of state office personnel, to provide for more workspace efficiency and modernization.

DEPARTMENT OF BUSINESS REGULATION

Turnover Savings **(\$1.5 million)**

The Budget includes a \$1.5 million decrease in general revenues to reflect turnover savings in the Department. As of May 6, there were 149.0 of 181.0 FTE positions filled. A significant portion of these savings are associated with the Office of Cannabis Regulation and the Cannabis Control Commission.

IT ISF Charge Adjustment **\$835,312**

The Budget includes an increase of \$835,312 in general revenue, with corresponding decreases of \$64,870 and \$43,822 in federal funds, and restricted receipts, respectively. This corrects an inadvertent miscalculation of anticipated Information Technology internal service fund charges.

Firefighting Foam Adjustments **\$592,780**

Pursuant to the Governor’s Budget Amendment of February 14, 2023, the Budget includes a total of \$592,780 in general revenue reappropriations which was inadvertently omitted from the budget. In FY2022, the General Assembly approved funds to replace firefighting foam in the FY2022 Revised budget, however, there was not enough time left in the fiscal year to expend all funds. According to the Department, \$466,656 has been expended. The Governor’s budget originally recommended shifting \$126,124 to the Department of Environmental Management; however, the Budget reverses this decision, therefore including the \$126,124 in the reappropriations and resulting in a total reappropriations of \$592,780.

Cannabis Control Commission (restricted receipts) **(\$252,668)**

The FY2023 Budget as Enacted appropriated \$613,468 in restricted receipts for 5.0 FTE positions within the Cannabis Control Commission. While these FTEs are technically employed under the Office of Cannabis Regulation, the Commission is intended to act as an independent agency to ensure ethical regulatory and licensing procedures. The Commission only began functioning recently as member selection was delayed. These funds will support 5.0 FTE positions within the Commission, including 1.0 commission chair, 1.0 legal counsel, 1.0 fiscal officer, and 2.0 administrative assistants. These funds will also support stipends to two other commissioners who are not state employees.

Office of Cannabis Regulation Seed-to-Sale System **(\$180,750)**

The FY2023 Budget as Enacted included \$1.2 million for a contract for a vendor to develop a new seed-to-sale system, which would allow the Department to develop and manage a cannabis licensing and tracking

system. The Budget decreases restricted receipt expenditures by \$180,750 to reflect reduced final project expenses.

Human Services Program Rates and Benefits Analysis **\$129,907**

The FY2023 Supplemental Budget includes an increase of \$129,907 in general revenue related to personnel adjustments within OHIC for the Human Services Rates and Benefits Analysis. In FY2023, the General Assembly charged the Office with conducting a study that evaluates services on the Medicare fee-for-service fee schedule, as well as other services financed by the state through Medicaid and other funding sources. The analysis aims to create an accurate database with up to date information to aid in the determination of inadequate reimbursement rates.

Fire Academy Expansion (RICAP) **(\$675,000)**

The Budget includes a shift of \$675,000 in RI Capital Plan funds from FY2023 to FY2024 for projects related to updating the fire academy. Projects include expanding the Fire Training Academy auditorium, an expansion of the Confined Space and Trench Rescue Training Simulators, and the re-use of an existing State-owned building as an evidence repository.

DEPARTMENT OF LABOR AND TRAINING

COVID-19 Emergency Funds (federal funds) **(\$19.9 million)**

The FY2023 Final Budget includes \$1.1 million in COVID-19 emergency funds, reflecting a decrease of \$19.9 million from the FY2023 Budget as Enacted. These federal funds were primarily used to support unemployment benefits throughout the pandemic, as the Department experienced an uptick in individuals applying for unemployment insurance and required additional federal funds to meet the demand for the additional claims. Additionally, the FY2024 Budget as Enacted does not include any of these funds.

QUEST Grant (federal funds) **\$7.0 million**

The Budget includes \$7.0 million in federal funds from the new Quality Jobs, Equity, Strategy, and Training (QUEST) grant, which is classified as a Dislocated Worker Grant (DWG) and will be available from FY2023 through FY2025. The Department will utilize the funds to provide occupational training through the industry-led Real Jobs Rhode Island (RJRI) program, which invests in sector-based intermediaries who serve as RJRI Partners and enables them to design and implement their own initiatives to serve their industry's needs. The industries that the project will address include healthcare, childcare, manufacturing, construction, transportation, logistics, informational technology, and finance.

Workers' Compensation Fund Supplement **Informational**

Pursuant to Article 1 Section 6, the Budget transfers \$4.4 million in general revenue to support the State's Workers' Compensation Fund, due to the declining number of Workers' Compensation premiums realized during the COVID-19 pandemic. The additional funds will avoid an increase in premium rates for the State's employers. The funds are to be deposited no later than June 30, 2023. This is a "below the line" transfer, meaning the funding does not appear in an agency budget as it is only moving between state accounts- not being appropriated and spent.

DEPARTMENT OF REVENUE

Mobile DMV **(\$750,000)**

The Budget shifts \$750,000 in general revenue from FY2023 to FY2024 to support the mobile delivery of Division of Motor Vehicles (DMV) services in the municipalities of Warren and Westerly. State law requires that DMV services be available in Warren three times a week and once in Westerly. These services had been provided at each communities' respective town halls. DMV suspended these services during the pandemic. The State is working to restore the capacity to deliver mobile DMV services via the RI Emergency Management Agency Mobile Command Center. The Governor included funding in the FY2023

Supplemental Budget; however, DMV indicates that the project is delayed and won't be implemented until FY2024.

State Aid - MVET Phase Out **(\$337,089)**

The Budget reduces general revenue in FY2023 by a net \$337,089 in savings in motor vehicle excise tax phase out (MVET) state aid in the current year. When the MVET was eliminated, the General Assembly originally budgeted \$421,271 of unallocated state aid to be made available to communities that would have had a motor vehicle levy above the FY2018 baseline in FY2023 and that also budgeted for the additional revenue. Only \$82,841 of the budgeted amount is required, resulting in a \$338,430 savings. This is offset by a \$1,341 increase for East Providence based on an amended certification of its motor vehicle levy data.

CDL Personnel Expenditures **\$209,496**

The Budget increases general revenue personnel expenditures by \$209,496 in FY2023 within the Commercial Drivers' License program at the DMV. The increase is based on spending trends presented in the Department's Third Quarter Report. Both the amount and source were budgeted incorrectly in the Governor's FY2024 Budget.

Capital Projects (other funds) **\$1.1 million**

The Budget decreases Rhode Island Capital Plan Funds (RICAP) by \$1.1 million in FY2023. The decrease includes an \$850,000 shift of FY2023 RICAP funds to FY2024 to account for delayed implementation of projects at the Lottery and a \$290,000 decrease to correct an inadvertent misallocation in the Governor's FY2023 Supplemental Budget.

OFFICE OF THE GENERAL TREASURER

Debt Affordability Study **(\$80,000)**

The Budget shifts \$80,000 in general revenue reflecting the timing of actual expenditures regarding the debt affordability publication from occurring in FY2023 to FY2024.

BOARD OF ELECTIONS

Public Financing of Elections **(\$411,138)**

The Budget removes \$411,138 in general revenue reflecting \$380,620 in lower actual expenditures for matching public funds received by candidates for general office for the November 2022 general election, and \$30,518 in reimbursements to the matching public funds program.

Poll Pad Maintenance Contract **\$130,000**

The Budget adds \$130,000 in general revenue reflecting increased vendor contractual maintenance expenses for the electronic Poll Pad electronic poll book system maintenance contract. This will increase the appropriation from \$55,000 in the enacted budget to \$185,000. The original appropriation was under estimated in the enacted budget. The Poll Pads were purchased by the Secretary of State during FY2019, for use in all polling locations to look up voters electronically. LHS/Knowlink is the vendor that will program the poll pads for each polling location in order to maintain election integrity.

OFFICE OF THE GOVERNOR

Personnel Adjustments **\$440,209**

The Budget adds \$440,209 in general revenue reflecting changes to various salary and benefits to meet the personnel cost increase of the recent statewide 2.5 percent cost of living adjustment, negotiated between the State and the state employee bargaining units for a proposed 4-year contract. Also, the adjustments include related rate increases pertaining to employee benefits, including less anticipated turnover as compared to the FY2023 Budget as Enacted.

Governor's Salary Adjustment**\$11,548**

The Budget adds \$11,548 in general revenue reflecting an increase of \$7,961 for salary and \$3,587 for benefits. The compensation increase is set by RIGL 36-6-1 and 36-6-2 for the statutorily set salary adjustment for General Officers. The statutes pertaining to the Governor state, "after December 31, 1998, the salary of the Governor was \$95,000 and shall thereafter be adjusted at the beginning of each succeeding term by the total percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U) published by the United States Department of Labor Bureau of Labor Statistics for the Northeast Region for the four (4) previous fiscal years, but in any event not to exceed twelve percent (12%)." The Budget Office used an assumed increase of 11.9 percent, to calculate the salary of the Governor in the succeeding term. Currently, the salary of the Governor is \$145,930, which increases to \$163,295.

COMMISSION FOR HUMAN RIGHTS**Personnel Adjustments****\$48,849**

The Budget adds \$48,849 in general revenue as a result of paygrade classification changes. The adjusted paygrades were approved at a Classified Service Classification and Pay Plan public hearing held on March 15, 2023, at the Department of Administration. At this hearing, approval was granted to reclassify all 15.0 FTE positions, of which 3.0 FTE positions had a change in titles. No additional FTE positions were added to the agency.

PUBLIC UTILITIES COMMISSION**Contracted Financial Services (restricted receipts)****\$200,000**

The Budget adds \$200,000 in restricted receipts from the FY2023 Budget as Enacted, for contracted financial services. The 2022 General Assembly amended the Affordable Clean Energy Act, enabling the Division of Public Utilities and Carriers to bill public utility companies up to \$200,000 annually for expenses associated with the Affordable Clean Energy Act. The Act is designed to make coordinated, cost-effective, strategic investments in energy resources and infrastructure to improve energy system reliability and security, and to protect the quality of life and environment for all residents and businesses in Rhode Island. The Budget includes \$65,000 in federal funds, a decrease of \$65,000 from the previous year for the same purpose.

EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES**May 2023 Caseload Estimating Conference****(\$47.8 million)**

Pursuant to a Governor's Budget Amendment, dated May 19, 2023, the Budget includes a net general revenue decrease of \$47.8 million (\$100.6 million all funds) to reflect the results of the May 2023 Caseload Estimating Conference (CEC). The estimates project total Medicaid spending of \$3,112.0 million in FY2023, including \$1,025.3 million from general revenues. The favorable variance is due to a full year of an enhanced Medicaid reimbursement rate due to the Consolidated Appropriations Act, 2023 (CAA) and the expiration of the continuous enrollment condition imposed under the Families First Coronavirus Response Act (FFCRA). Rhode Island began the redetermination process on April 1, 2023, allowing the termination of enrollees no longer meeting the Medicaid eligibility requirements beginning in June 2023.

DSH Enhancement**\$5.7 million**

Based on testimony at the May 2023 Caseload Estimated Conference, the federal allotment for uncompensated care payments in FY2023 will increase from \$87.3 million to \$93.7 million. The Budget includes an additional \$5.7 million in general revenue to leverage the additional \$8.1 million in federal funds, increasing the payment by \$13.8 million to \$158.9 million.

Labor and Delivery Rates Correction**\$1.6 million**

The FY2023 Budget as Enacted included \$5.7 million in general revenue and \$8.8 million in federal funds to increase the Medicaid rates paid for labor and delivery services through managed care plans to the level paid for fee-for-service; however, the estimated funds provided did not support the intent. The Budget includes an additional \$4.3 million, including \$1.6 million in general revenue and \$2.6 million in federal funds, to bring the rates closer to intent of the FY2023 Budget as Enacted.

Public Health Emergency Unwinding**\$717,863**

The Budget includes an increase of \$717,863 in general revenue that is needed to account for the timing of expenditures related to the Consolidated Appropriations Act of 2023, and specifically the delay in unwinding of the public health emergency and redetermination schedule from a start of January 1, 2023, to a start of April 1, 2023. There are corresponding decreases of \$990,753 in federal funds and \$52,666 in restricted receipts (\$325,556 all funds).

Turnover Savings**(\$550,000)**

Based on the third quarter report, the Budget realizes turnover savings totaling \$1.9 million, including \$550,000 in general revenue, \$745,000 in federal funds, and \$600,000 in restricted receipts. As of the May 30, 2023, FTE report, EOHHS has averaged 173.7 FTE filled positions out of 204.0 for the fiscal year and currently has 193.0 FTE filled.

MMIS Expenses**(\$300,000)**

Based on the third quarter report, the Budget shifts \$300,00 in general revenue and \$1.8 million in federal funds from FY2023 into FY2024 to reflect the updated project schedule for system modifications to the Medicaid Management Information System (MMIS).

Preschool Development Grant**\$229,250**

The Budget includes an increase of \$229,250 due to the recent award of a federal Preschool Development Grant (PDF). The planning grant is allocated across six agencies to fund capacity building, including strategic planning and pilot programs that advance the effectiveness and coordination for the early childhood system. The allocations are summarized in the following table.

Preschool Development Grant	
Agency	FY2023
DHS	\$1,684,000
EOHHS	229,250
RIDE	212,500
Higher Education - OPC	75,000
DOH	41,750
DCYF	7,500
Total	\$2,250,000

Children's Cabinet – Early Childhood Programs**(\$220,000)**

Article 10 of the FY2023 Budget as Enacted provided for the creation of an Early Childhood Governance Working Group tasked with submitting a report to the Governor and General Assembly, by October 1, 2023, with recommendations addressing the coordination and administration of an early childhood program. The FY2023 Budget also provided \$250,000 in general revenue to the Children's Cabinet to facilitate this planning. Pursuant to EOHHS' third quarter report, the Budget shifts \$220,000 of this funding into FY2024.

Current Care/Opt-Out Implementation**(\$162,044)**

The 2021 Assembly changed the enrollment process for CurrentCare, the state's Health Information Exchange, from an opt-in to an opt-out process. Based on the third quarter report, the project has been

delayed another year and the Budget shifts \$162,044 in general revenue and \$1.5 million in federal funds from FY2023 into FY2024.

DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES

DCYF Provider Workforce Stabilization (federal funds) **\$5.7 million**

The Budget includes \$8.2 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF), an increase of \$5.7 million, to provide premium pay for child welfare staff at private, community-based providers that contract with the Department of Children, Youth, and Families. The FY2023 Budget as Enacted included \$2.5 million in ARPA SFRF funds for FY2023 and \$12.5 million in ARPA SFRF funds for FY2022. As of January 12, 2023, the program has expended \$6.8 million in FY2022 and \$3.2 million in FY2023. The Budget shifts the unspent \$5.7 million from FY2022 into FY2023 to support continued payments to providers.

Caseload Adjustments **\$5.5 million**

The Budget increases general revenues by \$5.5 million to level the Department's funding for caseload expenditures. The increase represents the reinvestment of caseload savings back into the system of care for the caseload population.

FMAP Adjustment **(\$3.1 million)**

The Budget decreases general revenues by \$3.1 million for the extension of the enhanced Federal Medical Assistance Percentage (FMAP) rate from one to three quarters in FY2023 pursuant to the Consolidated Appropriations Act (CAA) of 2023. The FY2023 Budget as Enacted assumed that the enhanced FMAP rate would expire after one quarter of FY2023. Since then, the enhanced FMAP was extended through the third quarter of FY2023, and is now set to expire on March 31, 2023. The Budget decreases general revenues and includes a corresponding increase in federal funds.

DHS CEC Adopted Adjustment **(\$41,483)**

The Budget removes \$41,483 in general revenues (\$117,954 all funds) to adjust the estimate of the Department of Human Services (DHS) daycare recipients in DCYF, in accordance with the adopted estimates from the November 2022 Caseload Estimating Conference.

DEPARTMENT OF HEALTH

Public Health Emergency Unwinding **(\$3.0 million)**

The Budget shifts \$3.0 million in general revenue from FY2023 to FY2024, to account for the timing of expenditures related to the Consolidated Appropriations Act of 2023, and specifically the delay in unwinding of the public health emergency and redetermination schedule from a start of January 1, 2023, to a start of April 1, 2023. There is a corresponding decrease of \$2.9 million in federal funds.

OSME Forensic Pathology Contractors **\$1.1 million**

The FY2023 revised Budget includes \$1.1 million in general revenue to support contracted services within the Office of the State Medical Examiner. Currently, all work done within the Office is contracted out while the position of State Medical Examiner is vacant. The office is requesting additional funds to their baseline budget to ensure that the office functions effectively and efficiently. These funds are offset by \$626,475 in turnover due to three vacant positions within the office, including two assistant medical examiners and a chief medical examiner.

FEMA Claiming Delay to FY2024 **\$156,134**

The Budget increases general revenue by \$156,134 for expenses subject to federal reimbursement through the Federal Emergency Management Agency (FEMA). This aligns the reimbursement with the Budget

Office's estimates and makes it consistent with applicable accounting standards. There is a corresponding decrease of \$139,500 in federal funds, resulting in a net increase of \$16,632.

ARPA SFRF – Child Care Support (federal funds) (\$15.0 million)

The Budget shifts \$15.0 million in American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) to FY2024. These funds, which were originally appropriated by the General Assembly in FY2022, provide retention bonuses, continuing education grants, and to incentivize implementation of high-quality programs. The 2022 General Assembly approved a total of \$42.0 million in ARPA SFRF funds for child care support in FY 2022, with the intention of any left-over funds being carried over to following fiscal years. Of those funds, approximately \$22.0 million have been spent. These funds will be carried into FY2024 to support the beforementioned initiatives, as well as, provide funds for BCI waivers for early childhood educators.

COVID-19 Response (federal funds) \$14.5 million

The Budget includes a net \$14.5 million in federal funds for the Department's COVID-19 Response. This reflects an increase of \$16.3 million in federal funds within the Division of COVID-19 and a \$1.8 million decrease within Division of Preparedness, Response, Infectious Disease, and Emergency Medical Services. This includes \$9.5 million from the PPEHCE grants and \$6.8 million in other federal grants. The funding supports COVID-19 testing, vaccination efforts, data analysis, contact tracing, communications, COVID-19 related personnel costs, and technical development.

SNAP Healthy Incentives Pilot Delay (federal funds) (\$10.0 million)

The Budget shifts \$10.0 million in federal funds from FY2023 to FY2024 to reflect the delay in the SNAP initiative known as Eat Well, Be Well. This initiative is intended to incentivize beneficiaries to choose nutrient dense foods by provide a 50.0 percent rebate on eligible foods from participating retailers. The program has not yet launched due to a delay in IT upgrades, as well as a delay in obtaining retailers to participate in the program.

Immunization (federal funds) (\$1.8 million)

The Budget decreases federal funds by \$1.8 million to reflect funding returning to its historical expenditures. Due to the COVID-19 pandemic, there was an increased need for vaccines. As the pandemic begins to wind down, and vaccines are beginning to be administered within doctors' offices and clinics rather than emergency vaccination centers, funding for vaccines will begin to decrease as there is a decreased need. There is a corresponding restricted receipt increase of \$1.1 million.

LIHEAP and WAP (federal funds) \$1.4 million

The Budget includes \$1.4 million of Infrastructure Investment and Jobs Act (IIJA) federal funds to increase supplemental funding for Low Income Heating Assistance Program and Weatherization Assistance Program within the Department. Both programs assist low-income households by offsetting the costs of home energy and weatherization.

Death Certificate and Public Health Integration (federal funds) \$1.3 million

The FY2023 revised budget includes \$1.3 million in federal funds to support the Office of Vital Records with implementation of the electronic death certificate system, which will connect the office with other medical entities throughout the nation; including other vital offices, medical groups, and hospitals.

CARES Act: Community Health Workers (federal funds) (\$1.3 million)

The Budget decreases federal funds by \$1.3 million for the CARES Act Community Health Workers Grant. The Department receives \$5.0 million each year for the grant, and the original placeholder for FY2023 included an additional \$1.5 million in carryforward spending. However, the processes of securing contracts took longer than anticipated. Funding will continue to carry forward with the possibility of no cost extension upon the completion of the contracts.

Preschool Development Block Grant (federal funds) \$1.2 million

The Budget increases federal funds by \$1.2 million attributable to the recent federal award of the Preschool Development Block Grant (PDBG). This grant provides the necessary funding required to bolster capacity through strategic planning and pilot programs that advance the coordination and effectiveness of the State's early childhood system.

Public Health Infrastructure Workforce (federal funds) \$1.2 million

Budgeted increases federal funds by \$1.2 million to support operations and salaries related to strategies that bolster diversity to effectively implement and respond to public health emergencies. The Department received a 5- year, \$15.3 million grant from the Centers for Disease Control and Prevention (CDC), to address critical public health infrastructure in ways that improves the Department's ability to serve the needs of Rhode Island's residents. These funds are to be used to support the workforce, data modernization, and foundational capabilities.

WIC Supplemental Nutrition (federal funds) (\$1.1 million)

The Revised Budget includes a net decrease of \$1.1 million in federal funds. This decrease is primarily due to FY2022 actual spending and program utilization. WIC provides supplemental foods, health care referrals, and nutrition assistance to low-income pregnant women, post-partum women, and children up to five years old.

Community Project Funding (federal funds) \$900,000

The FY2023 revised budget includes \$900,000 in federal funds pursuant to the passage of the Consolidated Appropriations Act of 2022. This grant supports one-time purchases and maintenance of laboratory equipment for the State Health Laboratory.

Environmental Health Additional FTEs (federal funds) \$509,489

The FY2023 revised budget includes an additional \$509,489 in federal funds to fund 8.0 new FTE positions that support the Department's PFAS programs. The Department received a grant in 2022 and started receiving applications from municipal water systems without the staff required to vet and approve the applications.

Food Protection and Sanitation (federal funds) (\$113,525)

The FY2023 revised budget includes a \$113,525 decrease in federal funds due to a delay in hiring 2.0 FTE positions to support the Cottage Food Manufacturing Program. This program was recently enacted through the FY2023 budget and the Department has had trouble hiring new employees.

Opioid Surveillance Position (federal funds) (\$38,103)

The Budget includes a decrease of \$38,103 in federal funds to correct an error within the personnel budget. The position was mistakenly overbudgeted when changing the positions funding source to the Opioid Abatement Settlement funds.

Statewide Opioid Abatement Account (restricted receipts) \$3.0 million

The FY2023 Revised increases restricted receipts by \$3.0 million within the Statewide Opioid Abatement Account. The Executive Office of Human Services (EOHHS) provides the Department with these funds to support various abatement activities to prevent opioid overdoses.

Statewide Opioid Abatement Account

COVID-19 Federal Fund Sources	FY2023 Revised
New Street Outreach Initiative	\$1,000,000
Prevention	620,000
Substance Exposed Newborn Intervention	592,376
Existing Street Outreach Initiative	500,000
Social Determinants of Health	250,000
Total	\$2,962,376

- **Street Outreach Initiative:** The Department appropriated a net \$1.5 million for the street outreach initiative, which employs a mobile unit to connect with vulnerable populations around Rhode Island. This unit provides resources and care to those who may otherwise be unable to receive it. The unit provides materials that supports patients' basic needs, harm reduction, and peer recovery support.
- **Prevention:** The Department will use \$620,000 to hire staff to improve overdose related data analytics and for the purchase of Biosurveillance Lab Supplies for testing. \$50,000 of these funds will be appropriated for contracted services to create a heat map dashboard for outreach partners.
- **Substance Exposed Newborn Intervention:** The Department appropriates \$592,376 for infrastructure and interventions to support newborns exposed to opioids. The Department plans to hire staff that will support families in finding resources. These funds will also create systems to track data pertaining to substance exposed newborns in Rhode Island.
- **Social Determinants of Health:** The Department appropriates \$250,000 to provide \$50,000 grants to six Recovery Community Centers, five Harm Reduction Centers, and three behavioral health/Substance Abuse Disorder (SUD) support organizations. The Department of Behavioral Health Developmental Disabilities and Hospitals (BHDDH) appropriates the remaining \$450,000 to support these grants.

Indirect Cost Recovery (restricted receipts)**(\$645,702)**

The Budget includes a decrease of \$645,702 in restricted receipts to support the department's indirect cost recoveries. This decrease is attributable to the decrease of COVID-19 awards in FY2023 and based on the most recently ended fiscal year, which is FY2022. The Department utilizes indirect cost recovery accounts to fund initiatives that are not related to programs within RIDOH.

New Health Lab (RICAP)**(\$19.4 million)**

The Budget includes a decrease of \$19.4 million in federal funds which supports the construction of a new 80,000 sq. ft. state laboratory with lot 3 of parcels 22 and 25 on former Interstate 95 as a potential site for the new development. This project will expand existing programs and provide additional space required for biocontainment, office space separate from the testing areas, and consolidated central shipping and receipts facilities.

Paratransit Services for the Elderly – Gas Tax Yield (other funds)**(\$1.3 million)**

Pursuant to the Governor's Budget Amendment dated May 19, 2023, the Budget includes a decrease of \$1.3 million in paratransit expenditures, which is usually funded through gas tax receipts. These funds are used to carry out the Office's mission of providing services, advocacy, and public policy dedicated to the needs of Rhode Island's elderly population as well as the State's disabled population. The Governor's Budget inadvertently included an overstatement of funds in the recommended budget, which is remedied through this budget amendment.

DEPARTMENT OF HUMAN SERVICES***Pandemic Related Grants (federal funds)******\$40.4 million***

The Budget revised increases federal funds by \$40.4 million through various pandemic related grants. Grant changes are as follows:

Pandemic Related Grants	Federal Fund Changes
Pandemic EBT for SNAP	\$37,048,971
CARES Act: Community Service Block Grant	1,861,991
CAA21: Low Income Household Water Assistance	1,557,306

- **Pandemic EBT for SNAP:** The Budget includes a \$37.0 million federal fund increase associated with the enhanced pandemic EBT. In March of 2020, the Families First Coronavirus Response Act gave the United States Department of Agriculture (USDA) the authority to temporarily modify procedures to increase access to SNAP benefits to families who struggled during the pandemic. According to the Department, these funds provide benefits to households with school aged children who receive free and reduced-price meals at school through the National School Lunch Program. While the end of the public health emergency ends pandemic electronic benefits transfers (P-EBT), school aged children and children under aged six who are eligible for free and reduced lunch will continue to receive benefits through the Summer months.
- **CARES Act: Community Services Block Grant:** The FY2023 Revised Budget appropriates \$1.9 million in federal funds, which is derived from one-time funding through the Coronavirus Aid, Relief, and Economic Security (CARES) Act.
- **CAA21: Low Income Household Water Assistance Program:** The Revised Budget includes an increase of \$1.6 million in federal funds to assist low income households with water and wastewater bills. These funds reflect a one-time appropriation through federal supplementary grants provided throughout the COVID-19 pandemic. Rhode Island's Low-Income Household Water Assistance Program (LIHWAP) helps low-income residents by providing funds that offset the costs of water and wastewater bills.

American Rescue Plan Act (federal funds)***(\$1.7 million)***

The revised budget decreases American Rescue Plan Act (ARPA) federal funds by a net \$1.7 million. These funds consist of multiple changes throughout the entire department and are primarily associated with the public health emergency. ARPA changes are as follows:

American Rescue Plan Act (ARPA)	Federal Fund Changes
ARP DIRECT Child Care and Development Block Grant (CCAP)	(\$13,337,474)
ARP DIRECT: LIHEAP	11,247,099
ARP SFRF: Child Care Investment: Retention Bonuses	(6,041,421)
ARP DIRECT: Pandemic Emergency Assistance Fund	2,676,205
ARP DIRECT: SNAP 3-year State Administrative Expense Grants- UHIP	1,733,038
ARP DIRECT: Low Income Household Water Assistance Program	1,139,524
ARP DIRECT: Family Violence and Prevention	1,100,000
ARP DIRECT: Home Delivered Meals	(700,000)
ARP DIRECT: Adult Protective Services	500,000
Total	(\$1,683,029)

- **ARP DIRECT: Child Care and Development Block Grant:** The revised budget decreases federal funds by \$13.3 million within the Department's child care and development block grant (CCDBG).

These funds are primarily to fund administrative expenses and meet the State's Maintenance of Effort (MOE) – which is required to continue receiving consistent TANF funding.

- **ARP DIRECT: Low Income Home Energy Assistance Program:** The Revised Budget includes an increase of \$11.3 million in federal funds to assist low income households with heating and electricity bills. These funds reflect a one-time appropriation through federal supplementary grants provided throughout the COVID-19 pandemic.
- **ARPA SFRF: Child Care Investment: Retention Bonuses:** The Budget includes an increase of \$9.0 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF). These funds provided bonuses to staff at state licensed child care providers. This initiative addresses labor shortages in the child care industry. Full-time and part-time staff at state-licensed providers would be eligible for the awards.
- **ARP DIRECT: Pandemic Emergency Assistance Fund:** The Budget includes an increase of \$2.7 million in federal American Rescue Plan Act (ARPA) Direct funds for the Pandemic Emergency Assistance Fund. These funds are non-recurrent, short-term benefits, specifically for populations who are eligible for RI Works Program. According to DHS, these funds will be allocated to one-time payments to RI Works households that were eligible from September 2021 through May 2022. Each household received \$370 per child in July 2022.
- **ARP DIRECT: SNAP 3-year State Administrative Expense Grants:** The Budget includes \$1.6 million in federal funds for SNAP administrative grants. These funds are a part of U.S government's response to the COVID-19 pandemic and are meant to subsidize any increased administrative costs associated with the Pandemic Enhanced Electronic Benefit Transfers.
- **ARP DIRECT: Low Income Household Water Assistance Program:** The Revised Budget includes an increase of \$1.1 million in federal funds to assist low income households with water and wastewater bills. These funds reflect a one-time appropriation through federal supplementary grants provided throughout the COVID-19 pandemic. Rhode Island's Low-Income Household Water Assistance Program (LIHWAP) helps low-income residents by providing aid that offset the costs of water and wastewater bills.
- **ARP DIRECT: Family Violence and Prevention:** Throughout the pandemic, reported amounts of domestic and family violence increased significantly. These funds reflect the carry forward from the Family Violence Prevention and Services Act, which is finance through ARPA. These funds will be used to combat domestic and family violence, as well as provide education and resources to those who may experience it.
- **ARP DIRECT: Home Delivered Meals:** The Budget includes a \$700,000 decrease in federal funds to reflect spending associated within the Office of Healthy Aging. These funds are provided to Meals on Wheels to deliver meals to the homes of Rhode Island's elderly population, which was among the most impacted during the COVID-19 pandemic. Throughout the Pandemic, older individuals experienced increased rates isolation and food insecurity. To mitigate these effects, the Office provided increased funding to Meals on Wheels to better ensure that this population received nutrient dense meals. The Office originally received a total of \$2.2 million in funds and has spent approximately \$1.0 million, with all remaining funds being reallocated to the upcoming fiscal years. All funds have been spent on programmatic and administrative costs.
- **ARP DIRECT: Adult Protective Services:** The Revised Budget includes \$500,000 in federal funds for elderly abuse prevention. This grant was awarded in 2021 with one-time funding through the ARPA funds. Since 2021, there have been a significant increase in calls to Adult Protective Services. These funds will be used to fund multiple projects including the WellSky Reporting Tool, which enables coordination and communication between medical providers and social service

providers. These funds will also be used to staff training and Adult Protective Service Conferences to better equip OHA staff at managing incoming calls.

Afghan Refugee Supports (federal funds)

\$1.0 million

The Revised Budget includes \$1.0 million in federal funds for grants related to Afghan refugee support services. The Department was awarded \$2.3 million in federal funds to support resettlement activities for refugees. The Department spent \$108,920 in grant funds in FY2022.

Enhanced FMAP Phase Out

(\$153,391)

Pursuant to the Governor's Budget Amendment of May 19, 2023, the Budget decreases general revenue by \$153,391, with a corresponding federal fund increase of \$153,391, resulting in a neutral budget change. The Consolidated Appropriations Act of 2023 (CAA23) decoupled continuous enrollment and initiated the phase down of Enhanced FMAP. The table below shows the FMAP phase down percentages through the end of Calendar year 2023.

The Federal Medical Assistance Program (FMAP) is a formula-based calculation determining the federal share of Medicaid expenses based on Rhode Island's per capita income. During the COVID-19 pandemic, the Families First Coronavirus Response Act authorized a temporary increase of 6.2 percent in exchange for pausing redetermination activities, therefore ensuring that all individuals maintained health insurance throughout the pandemic. The Consolidated Appropriations Act began the FMAP phase down on April 1, 2023. Rhode Island's current FMAP percentage is 5.0 percent.

The table below shows the FMAP phase down percentages through the end of calendar year 2023.

Enhanced FMAP Phase Down

March 2023	6.2%
June 2023	5.0%
September 2023	2.5%
December 2023	1.5%

May CEC – Cash Assistance

(\$360,676)

The Budget decreases general revenue by \$360,676, with a corresponding decrease of \$8.1 million in federal funds. The table below illustrates expenditure changes as estimated by the May 2023 caseload estimating conference.

May 2023 Caseload Estimating Conference - Cash Assistance	November 2022 Adopted	General Revenue Change	Federal Funds Change	May 2023 Adopted
Rhode Island Works	\$25,999,160		(\$1,295,602)	\$24,703,558
Child Care	66,931,200	(90,226)	(6,774,974)	60,066,000
Supplemental Security Income Program	17,072,050	(291,510)		16,780,540
General Public Assistance	1,367,040	21,060		1,388,100
Total	\$111,369,450	(\$360,676)	(\$8,070,576)	\$102,938,198

DEPARTMENT OF BEHAVIORAL HEALTHCARE, DEVELOPMENTAL DISABILITIES, AND HOSPITALS

ESH FMAP and Billing Adjustments

(\$15.5 million)

The Budget decreases general revenues by \$15.5 million to account for adjusted Medicaid billing assumptions at Eleanor Slater Hospital following the opening of the Rhode Island State Psychiatric Hospital (RISPH), as well as the extension of the enhanced Federal Medical Assistance Percentage (FMAP) in accordance with the Consolidated Appropriations Act (CAA) of 2023. The FY2023 Budget as Enacted assumed that the enhanced FMAP rate would expire after one quarter of FY2023. Since then, the enhanced FMAP was extended through the third quarter of FY2023, and is now set to expire on March 31, 2023. The

opening of RISPH resulted in an updated patient census and the removal of the Institute of Mental Disease (IMD) designation at Eleanor Slater Hospital, allowing the hospital to resume Medicaid billing. The RISPH opened two months ahead of schedule, resulting in two additional months of Medicaid billing and operations in FY2023. This adjustment reflects those changes.

May 2023 Caseload Estimating Conference **(\$18.9 million)**

The Budget decreases all funds by \$11.2 million, including a \$7.7 million increase in federal funds and an \$18.9 million decrease in general revenues. This adjustment aligns the level of financing within the Developmental Disabilities program with caseloads as adjusted by the May 2023 Caseload Estimating Conference.

Opioid Settlement Fund Adjustments (restricted receipts) **\$6.8 million**

The Budget adds \$6.8 million in restricted receipts for the Department's allocation of Rhode Island Statewide Opioid Abatement (settlement) funds to be used for the following projects.

- **High-Risk Client Provisions - \$450,000:** These funds are to support \$50,000 allocations to six Recovery Community Centers, five Harm Reduction Mobile Outreach Providers, and three additional behavioral health and Substance Use Disorder organizations providing basic needs provision to high-risk clients and community members.
- **Recovery Housing Programs - \$750,000:** These funds are allocated to expand housing stock for recovery housing for capital, operations, and services for high-risk communities. This initiative is intended to be integrated with \$1.0 million in funding at the Department of Housing to provide housing support services for people who use drugs to assist them in remaining housed.
- **Safe Landings Project - \$750,000:** The Safe Landings project is to provide a secure place for people who use drugs to stay following an overdose. The funds may be used to bridge funding for the Hope Initiative, a post-overdose outreach program that is currently seeking more permanent funding.
- **Treatment on Demand Project - \$2.0 million:** These funds are allocated to developing a new treatment facility to better support treatment on-demand. \$1.2 million has been allotted for this purpose, as well as \$800,000 available to support the project if needed, or to be spent on additional provider investments if the additional dollars are not needed.
- **Contingency Management - \$300,000:** These funds, which will be integrated with State Opioid Response grant funds, are allocated to contingency management programs. Contingency management is a behavioral treatment for substance use disorders which provides incentives to patients not to use drugs. Most often this takes the form of monetary rewards tied to abstinence or other treatment objectives such as adherence to treatment activities.
- **Recovery Center Supports - \$450,000:** This funding is to provide six Recovery Centers with \$75,000 each to provide additional capital supports to their clients.
- **Family Recovery Supports - \$450,000:** This funding is to provide support to an organization serving families of people who use drugs or are in recovery.
- **Project Success Supports - \$1.5 million:** These funds provide additional support to the Project Success providers to hire student assistance counselors, Clinical Supervisors, and a Workforce Recruitment and Development Coordinator. Project Success provides school-based mental health supports.
- **Project Evaluation - \$132,500:** These funds are related to the hiring of a data analyst/evaluator to promote evaluation capacity in the state.

Turnover and Other Adjustments **(\$2.7 million)**

The Budget decreases general revenues by \$2.7 million (a \$3.2 million decrease in all funds) to align Department funding with the savings represented in the Department's third quarter report. The adjustment is primarily driven by increased turnover and workforce shortages across the Department.

RICLAS FMAP Adjustment **(\$2.8 million)**

The Budget includes a decrease of \$2.8 million in general revenues within the Rhode Island Community Living Supports (RICLAS) subprogram for the extension of the enhanced FMAP rate from one to three quarters in FY2023 in accordance with the Consolidated Appropriations Act (CAA) of 2023. The FY2023 Budget as Enacted assumed that the enhanced FMAP rate would expire after one quarter of FY2023. Since then, the enhanced FMAP was extended through the third quarter of FY2023, and is now set to expire on March 31, 2023. The Budget decreases general revenues and increases federal funds accordingly.

Out-of-State Facility Utilization **(\$1.5 million)**

The Budget decreases general revenues by \$1.5 million to adjust for out-of-state residential treatment services included in the FY2023 Budget as Enacted but not utilized in FY2023.

DD Reappropriation Federal Funds Restoration (federal funds) **\$1.3 million**

The Budget increases federal funds by \$1.3 million to correct for an inadvertent exclusion of federal funding for Consent Decree initiatives in FY2023. Per the Consent Decree, unspent funds for transportation and technology initiatives are to be automatically reappropriated for the same purpose in the following year. The Governor's Revised Recommended Budget for FY2023 included only the reappropriation of general revenues, omitting the federal funds. This adjustment corrects that.

ESH Hospital Improvements **(\$1.0 million)**

The Budget decreases general revenues by \$1.0 million to shift unspent funding forward from FY2023 to FY2024 for expenses related to ligature risk compliance projects at Eleanor Slater Hospital.

RISPH Operating Shift **(\$268,000)**

The Budget decreases general revenues by \$268,000 to shift funding from FY2023 to FY2024 for operating purchases at the State Psychiatric Hospital that were unable to be completed in FY2023 due to supply chain delays.

Consent Decree Positions **\$70,345**

The Budget adds \$70,345 in general revenues to provide additional resources for positions related to the Consent Decree. The increase represents a redistribution of resources across the Private Community Developmentally Disabled Services and Rhode Island Community Living Supports (RICLAS) programs within the Developmentally Disabled Services program.

Conflict Free Case Management Information Technology Contract **\$25,000**

The Budget increases general revenues by \$25,000 (\$250,000 all funds) to reflect additional financing for an information technology contract used in the implementation of the Conflict Free Case Management program in FY2024.

OFFICE OF THE CHILD ADVOCATE**Salary and Benefit Adjustments** **(\$69,847)**

The FY2023 Supplemental Budget includes a general revenue decrease of \$69,847 related to staffing reevaluations and turnover. Salary increases for the Agency were provided from the General Assembly and approved by public hearing on September 9, 2022. The FY2023 Supplemental Budget takes these salary increases into account while also recognizing turnover savings from the public hearing implementation

delay and 2.0 FTE vacancies for the first six months of the year resulting from the expiration of the federal Victims of Crime Act (VOCA) grant.

Federal VOCA Grant Award (federal funds) \$12,000

The Budget adds \$12,000 in federal funds for a federal Victims of Crime Act Assistance (VOCA) formula grant that was newly awarded to the agency.

ELEMENTARY & SECONDARY EDUCATION

Charter School Mid-Year Adjustment (\$314,432)

The Budget includes a reduction in charter school funding of \$314,432 due to a 16.5 percent decline in enrollment at Nuestro Mundo relative to the FY2023 Budget as Enacted. Pursuant to RIGL 16-77.1-2, if a charter school enrollment on October 1 is 10.0 percent greater or lesser than the students in the June membership count, the state payments to the school are adjusted to reflect the actual enrollment of the school.

Turnover Savings (\$250,000)

Based on the third quarter report, the Budget realizes turnover savings totaling \$250,000 in general revenue. In FY2023, out of 326.1 authorized FTE positions, the Department has averaged 309.3 filled FTE positions.

Textbook Reimbursement (\$208,415)

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 FY2023 Budget as Enacted provided \$240,000 in state funding for the reimbursement of costs for textbooks. Based on the third quarter report, the Budget reduces funding for this program by \$208,415 to reflect actual costs in FY2023.

Davies (federal funds) \$464,810

The Budget is amended to reflect the restoration of \$464,810 in federal funds within the Davies program that were inadvertently left out of the Governor’s supplemental budget submission.

Preschool Development Grant (federal funds) \$212,500

The Budget includes an increase of \$212,500 due to the recent award of a federal Preschool Development Grant (PDF). The planning grant is allocated across six agencies to fund capacity building, including strategic planning and pilot programs that advance the effectiveness and coordination for the early childhood system. The allocations are summarized in the following table.

Preschool Development Grant	
Agency	FY2023
DHS	\$1,684,000
EOHHS	229,250
RIDE	212,500
Higher Education - OPC	75,000
DOH	41,750
DCYF	7,500
Total	\$2,250,000

Rhode Island Capital Plan (RICAP) Fund Changes (\$7.4 million)

The Budget includes a net decrease of \$7.4 million in Rhode Island Capital Plan (RICAP) funding, including the following:

- **School for the Deaf - RICAP Carryforward:** The Budget carries forward \$144,000 in RICAP funding from FY2022 to FY2023 for the School the Deaf asset protection project that was inadvertently excluded from the recommendation.
- **Davies Healthcare Classrooms:** Due to project delays, the Budget shifts \$6.4 million in RICAP funding for the Davies Healthcare classrooms project into FY2024. The architectural and engineering phase of the project occurred in FY2022 (\$500,000). The Davies Health Care Classrooms project includes building replacement space for the Health Care classrooms and eliminating the detached modular classroom building where the program is currently housed. This project was previously scheduled to begin in FY2021; however, the late passage of the FY2021 Budget delayed progress.
- **Davies HVAC:** To replace and repair the HVAC system at Davies, the Governor recommended \$1.2 million in FY2023 and \$50,000 in FY2024. The Budget shifts \$1.2 million from FY2023 into FY2024. Davies recently developed a facility master plan to guide ongoing repairs and upgrades. The assessment evaluated the educational space for academic and technical programs, future enrollment patterns, energy efficiencies, building condition, traffic studies, and Americans with Disabilities Act compliance and provided an extensive list of deferred maintenance and renovation projects. However, due to the dire need in other schools around the State and the need for a substantial investment to address the major repairs at Davies, the master plan is being advanced in smaller projects. Consequently, the funding will be used to replace a chiller, and allow for replacement, as needed in areas of the school where ventilation and circulation are an issue, particularly in the 1970's portion of the school. The Department requested \$150,000 annually in FY2024 through FY2028.

PUBLIC HIGHER EDUCATION

RI Promise II

(\$1.3 million)

Article 3 of the FY2018 Budget established the program to provide students with two years of tuition and mandatory fees at the Community College of Rhode Island (CCRI), less federal and all other financial aid available to the recipient. Based on the May 2023 RI Promise Report, the program needs \$6.6 million in funding for FY2023, leaving a surplus of \$350,987 relative to the Governor's FY2023 Revised recommendation, and \$1.3 million relative to the FY2023 Budget as Enacted.

Preschool Development Grant (federal funds)

\$75,000

The Budget is amended to reflect an increase of \$75,000 due to the recent award of a federal Preschool Development Grant (PDF). The planning grant is allocated across six agencies to fund capacity building, including strategic planning and pilot programs that advance the effectiveness and coordination for the early childhood system. The allocations are summarized in the following table.

Preschool Development Grant	
Agency	FY2023
DHS	\$1,684,000
EOHHS	229,250
RIDE	212,500
Higher Education - OPC	75,000
DOH	41,750
DCYF	7,500
Total	\$2,250,000

RIC Student Aid (other funds)

\$4.3 million

The Budget includes a \$4.3 million increase in other funds needed to offset an erroneous reduction in institutional student aid funding for Rhode Island College.

Rhode Island Capital Plan (RICAP) Fund Changes**(\$16.0 million)**

The Budget includes a net decrease of \$16.0 million in Rhode Island Capital Plan (RICAP) funding, including the following:

- **CCRI Data, Cabling, and Power Infrastructure:** The project will upgrade network wiring infrastructure and deliver more capacity to support additional classroom technology, wireless devices and security systems, including cameras, emergency alarm systems, and HVAC control systems. Due to the updated project schedule, the Budget shifts \$1.3 million in funding from FY2023 to FY2027, leaving \$503,000 in FY2023 and extending the project in FY2027.
- **CCRI Flanagan Campus Renewal (Lincoln):** The project includes the modernization and code compliance upgrades to all of the science labs at the Lincoln campus, as well as the refurbishment of the exterior including heat resistance paint, window replacement, and light abatement. Based on project delays, the Budget shifts \$1.3 million in funding from FY2023 to FY2026, providing \$200,000 in FY2023 and \$2.8 million in FY2026.
- **CCRI Renovation and Modernization – Phase I:** This project will modernize education facilities, including student safety enhancements, updated technology and equipment, and energy efficiency updates, across the four campuses. Due to project delays, the Budget shifts \$3.0 million in RICAP funding from FY2023 into FY2024, leaving \$2.0 million in RICAP funds and \$1.2 million in general obligation bond proceeds in FY2023. In FY2024, the Budget provides \$12.0 million in RICAP funding and \$4.5 million in bond proceeds.
- **URI Academic MEP Improvements:** This project will upgrade the HVAC systems in Fogarty Hall and White Hall to maintain a safe working environment and to comply with current codes requirements. Pursuant to current plans, Fogarty Hall, currently housing the Crime Lab and Nutrition and Food Science Department, will be renovated for administrative and academic departments. Substantial renovations would address the building envelope, mechanical systems, HVAC, as well as removing laboratory fixtures and associated utilities. White, currently housing the College of Nursing, requires the upgrade of obsolete building systems and building envelope improvements, including foundation waterproofing, a drainage system, and minor cosmetic improvements. Due to project delays, the Budget pushes the project out one year and shifts \$4.4 million in RICAP funds out to provide \$294,533 in FY2023, \$4.4 million in FY2024, and \$13.2 million in FY2025.
- **URI Bay Campus:** Based on an updated project schedule, the Budget shifts RICAP funding out one year and moves \$6.0 million in RICAP funding from FY2023 to FY2025. This project involves repairs and construction on the Narragansett Bay Campus in support of education and research for the marine disciplines.

ATOMIC ENERGY COMMISSION**University Research Funds Correction****(\$13,849)**

Consistent with the Atomic Energy Commission's intent to keep university research funds at the enacted level, the Budget reduces the appropriation by \$13,849.

HISTORIC PRESERVATION AND HERITAGE COMMISSION**Turnover****(\$300,000)**

The Budget decreases general revenue by \$300,000 based on anticipated turnover savings as stated in the third quarter report. The Commission has averaged 5.6 FTE position vacancies during the fiscal year.

Old State House Renovations (federal funds)**(\$250,000)**

The Budget removes \$250,000 in federal funds to align with the allocated federal grant award. The grant award was overstated in the budget. There is a corresponding decrease as part of the FY2024 Budget.

DEPARTMENT OF CORRECTIONS**Personnel Salary and Benefit Adjustment****\$28.8 million**

The FY2023 Final Budget includes \$238.2 million in general revenue for personnel, reflecting an increase of \$28.8 million from the FY2023 enacted level. \$27.5 million of the increase is related to the settlement of the Rhode Island Brotherhood of Correctional Officers (RIBCO) employee contract for FY2021 through FY2023. The FY2023 Budget as Enacted provided \$9.3 million in general revenue funding for the anticipated contract renewal, which represented base payroll costs and assumed that the terms would be similar to those of other state employee unions that had already finalized contracts. The FY2023 Final Budget increases personnel expenditures accordingly. The following two tables illustrate the Department's personnel adjustment as well as the terms of the contract.

Personnel Salary and Benefit Adjustment	FY2023 Enacted	FY2023 Final	Change
Benefits	\$69,688,710	\$77,428,465	\$7,739,755
Correctional Officers' Briefing	1,642,945	1,680,603	37,658
Miscellaneous	316,202	379,750	63,548
Overtime	15,449,079	30,286,740	14,837,661
Purchased Services	11,341,446	14,245,931	2,904,485
Salaries	106,747,904	109,856,915	3,109,011
Statewide Benefit Assessment	4,220,322	4,317,235	96,913
Total	\$209,406,608	\$238,195,639	\$28,789,031

RIBCO Adjustments in FY2023	Correctional		Total
	Civilians	Officers	
\$3,000 Extra Payment	\$271,278	\$3,639,647	\$3,910,925
FY2021 Retro	157,764	3,433,364	3,591,128
FY2022 Retro	310,852	6,923,476	7,234,328
FY2023 (as of pay period 16)	471,613	-	471,613
FY2023 COLA	-	10,337,424	10,337,424
FY2023 Senior CO and CO First Class	-	1,838,989	1,838,989
FY2023 CO Candidates Increase	-	72,900	72,900
Total	\$1,211,507	\$26,245,800	\$27,457,307

Housing Module Closures**\$6.1 million**

The Budget includes a \$6.1 million general revenue increase related to assumed savings from the closures of housing modules that could not be realized. The FY2023 Budget as Enacted assumed the closure of seven housing modules but due to rising COVID-19 cases throughout FY2023, the Department, adhering to guidance from the CDC as well as the Rhode Island Department of Health, kept the housing modules open. The increase includes \$5.7 million in overtime expenditures and \$435,681 for FICA.

Operating Costs**\$3.7 million**

The Budget includes a \$3.7 million increase in general revenue for operating costs based upon the Department's experience in FY2022. The Department experienced exorbitant rising costs in FY2022 and

the Budget increases expenditures accordingly, including \$1.7 million for pharmaceuticals, \$1.2 million for the Facility Maintenance Unit, and \$829,577 for the Food Services Unit.

Contract Services

\$3.1 million

The Budget includes a \$3.1 million increase in general revenue for contract services based upon the Department's experience in FY2022. The Department experienced exorbitant rising costs in FY2022 and the Budget increases expenditures accordingly, including \$838,429 for general health services, \$724,535 for nursing services, \$518,999 for mental health services.

FICA Adjustment

\$2.0 million

The Budget includes \$2.0 million in general revenue to supplement Federal Insurance Contributions Act (FICA) payments for the Department's employees. The Department indicates that the FY2023 Budget as Enacted did not properly account for FICA while calculating employee overtime. The Department met with the Office of Management and Budget (OMB) and was told that FICA is not computed on overtime expenses unless the overtime is specific to an individual employee. Due to the departmental policy of seniority-based overtime requests, the Department was unable to generate an overtime code specific to an individual.

Population Adjustment

\$1.2 million

The Budget includes an additional \$1.2 million in general revenue in response to a population increase within the DOC's facilities. The FY2023 Budget as Enacted assumed a population of 2,115 inmates, while the General Assembly assumed a population of 2,297 for the Budget, reflecting an increase of 182 inmates. The additional funds will support costs associated with the increased population and include \$622,601 for food and \$351,254 for pharmaceuticals.

Training Unit for Classes 86A

\$669,833

The Budget includes \$669,833 in a net general revenue increase, reflecting \$908,160 for the training of one (1) additional, 40 cadet class of correctional officers, offset by \$238,327 in general revenue savings related to decreased overtime expenditures.

MILITARY STAFF

Snowplowing Adjustment

(\$62,128)

The Budget decreases general revenue by \$62,128 for snowplowing and sanding costs at the various facilities maintained by the Rhode Island National Guard. There is a corresponding decrease of \$308,312 in federal funds.

Miscellaneous Minor Construction (federal funds)

\$1.7 million

The Budget includes \$5.9 million in federal funds for numerous miscellaneous minor capital and asset protection projects that are partially or fully paid with federal funds. This is an increase of \$1.7 million from the FY2023 Budget as Enacted.

Rhode Island Capital Fund (RICAP) Changes (other funds)

(\$1.1 million)

The Budget includes a net decrease of \$1.1 million in RICAP funds, including:

- **Aviation Readiness Center:** The Budget decreases RICAP funds by \$138,272 to support the Aviation Readiness Center at Quonset. The Aviation Readiness Center is a \$38.4 million project to construct a 65,000 square foot training and readiness center at the Quonset Air Base for the Rhode Island National Guard 1/126th Aviation Unit. The Military Staff states that the project is likely to be approved for federal funding in FY2025, one year later than planned, thus delaying the funding by one year.
- **Quonset Runway Reconstruction:** The Budget reduces RICAP funds by \$189,750 to reflect a reduced project scope regarding the reconstruction of the Quonset runways to meet military specifications.

- **Sun Valley Armory:** The Budget shifts \$788,161 in RICAP funds regarding the 17,000 square foot armory addition to the Sun Valley Readiness Center in the Town of East Greenwich. This facility serves as the supporting center for the 861st Engineer Company. The Military Staff indicates delays effecting this project requiring funds to be shifted from FY2023 to FY2024.

RHODE ISLAND EMERGENCY MANAGEMENT

FEMA Claiming Delay

\$1.1 million

The Budget increases general revenue by \$1.1 million for federal expenditures pending approval by the Federal Emergency Management Agency (FEMA), that occurred in FY2023 but remain unapproved by June 30, 2023. The accounting standards require these expenditures to be recognized as FY2023 general revenue expenditures, with corresponding general revenue increases in the FY2024 general revenue fund balance (opening surpluses) as the FY2023 based expenditures are approved by FEMA and funds are released to the State. There is a corresponding decrease of \$1.1 million in federal funds.

Personnel, Contract Services, Operating, and Capital Changes (federal funds)

\$8.8 million

The Budget includes \$18.5 million in federal funds for non-COVID related personnel, contract services, operating, and non-RICAP capital costs, reflecting an increase of \$8.8 million in federal funds from the FY2023 Budget as Enacted. The largest component of the increase is \$6.9 million for municipal and state repair projects and plowing costs associated with the January 29, 2022, blizzard, referred to as Winter Storm Kenan.

Personnel, Contract Services, Operating, Capital - Federal	FY2023 Enacted	FY2023 Final	Change
Winter Storm Kenan Project and Management	\$0	\$6,900,163	\$6,900,163
EMPG 2022 Emergency Management Preparedness Grant	-	2,644,001	2,644,001
EMPG 2021 Emergency Management Preparedness Grant	3,380,350	2,795,334	(585,016)
SHSP 2022 State Homeland Security Grant	-	877,894	877,894
SHSP 2021 State Homeland Security Grant	1,343,689	1,359,518	15,829
All Other Personnel, Contract Services, Operating, and Capital	4,967,880	3,961,266	(1,006,614)
Total	\$9,691,919	\$18,538,176	\$8,846,257

COVID Related Expenses (federal funds)

\$1.3 million

The Budget decreases personnel expenses by \$392,216 and increases operating expenses by \$1.7 million resulting in a net federal fund increase of \$1.3 million, to reflect expenses projected by RIEMA in response to the COVID-19 pandemic. On March 13, 2020, the President of the United States declared a nationwide emergency relating to the COVID-19 pandemic. Under such federal declaration, referred to as the Stafford Act, federal disaster activities are assumed by the Federal Emergency Management Agency (FEMA). Such activities and assistance allow the State to qualify for a 75.0 percent reimbursement of certain emergency-related expenses. The expenses incurred include personal protective equipment (PPE), ventilators, and the establishment of emergency field hospitals.

Personnel - Federal COVID Response	FY2023 Enacted	FY2023 Final	Change
ARP DIRECT: Emergency Management Performance Grants	\$0	\$0	\$0
FEMA: COVID-Related Expenses	394,155	1,954	(392,201)
Relief Fund: COVID-Related Expenses	15	-	(15)
Total	\$394,170	\$1,954	(\$392,216)

Operating - Federal COVID Response	FY2023 Enacted	FY2023 Final	Change
FEMA: COVID-Related Expenses	(\$380,636)	\$900,000	\$1,280,636
FEMA: Supplies WKS: RIEMA	118,876	489,616	370,740
Relief Fund: COVID-Related Expenses	(14)	-	14
Total	(\$261,774)	\$1,389,616	\$1,651,390

RICAP – Emergency Management Building (RICAP funds) \$250,000

The Budget includes \$250,000 in RICAP funds in FY2023 to fund a feasibility study of warehouses, to determine whether to construct a new structure or remodel the current facility that is used to store the RISCO communications equipment, vehicles, and support staff.

DEPARTMENT OF PUBLIC SAFETY**Body-Worn Camera Project Shift to FY2024 (\$13.5 million)**

The Budget shifts \$13.5 million of general revenue from FY2023 to FY2024 for the Body-Worn Camera Project, reflecting the Department’s updated expenditure plan. The FY2023 Budget as Enacted appropriated \$15.0 million for state and municipal police to purchase body-worn cameras and associated equipment, contingent on the creation of the initiative’s rules and regulations. The rules and regulations took effect on October 19, 2022, and departments began implementing the changes. The Budget shifts \$13.5 million to FY2024 as well as the reappropriation of any remaining balance at the close of FY2023.

State Police Vehicles \$1.8 million

The Budget includes \$1.8 million in general revenue for the purchase of 43 vehicles in FY2023. The vehicles will be purchased outright with agency surplus and will not utilize the State Fleet Revolving Loan Fund. The Department requested this initiative due to recently experienced economic uncertainty. The FY2024 Budget includes a \$618,000 savings related to reduced loan repayment expenditures due to the outright purchase of these vehicles.

Turnover (\$1.6 million)

The Budget includes a \$1.8 million general revenue savings related to turnover within the Sheriff’s subprogram, reflecting an additional \$1.6 million savings from the FY2023 Budget as Enacted. The Department indicates that the Sheriff’s subprogram has an extremely high turnover rate. Additionally, the Department is having difficulty replacing the increasing number of deputies resigning.

FY2024 Initiatives to Commence in FY2023 \$484,801

The Budget includes \$625,122 in general revenue to support five FY2024 initiatives to start in FY2023. The Department has a sizeable savings related to personnel vacancies and the Budget includes funding to support the salary and benefits of a Digital Forensic Analyst position as well as funding for the Community, Diversity & Equity Unit, Professional Development and Wellness Programs, and the Job Task Analysis. Additionally, the Budget provides increased funding for the Body-Worn and Vehicle Camera System program to address the funding gap between federal funding and Statewide program limits and the purchased cameras. The federal funding and Statewide program limit funding to \$1,750 per camera, while the actual cost per camera is \$2,057. The following table illustrates the funding appropriated in the FY2023 Final Budget and the FY2024 Recommended Budget.

Initiative	FY2023 Final
Body Worn Cameras and Vehicle Camera System	\$229,801
Digital Forensic Analyst	140,321
State Police Community, Diversity & Equity Unit	105,000
State Police Professional Development/Wellness	100,000
Job Task Analysis	50,000
Total	\$625,122

DEPARTMENT OF ENVIRONMENTAL MANAGEMENT***Abandoned Vessel Removal (restricted receipts)*** ***(\$35,000)***

The Budget reduces restricted receipts for derelict and abandoned vessel removal by \$35,000, leaving a balance of \$50,000. The derelict and abandoned vessel and obstruction removal fund is a restricted receipt account funded from a portion of the boat registration fee and used to remove, dispose, and/or sell derelict and abandoned vessels and obstructions, as well as administrative or environmental remediation costs.

Rhode Island Capital Plan (RICAP) Fund Changes ***(\$5.1 million)***

The Budget includes a net decrease of \$16.0 million in Rhode Island Capital Plan (RICAP) funding, including the following:

- **Blackstone Valley Park:** The Budget increases funding by \$396,923 in reappropriated funds from FY2022, providing a total of \$1.0 million in FY2023 to complete the Blackstone Valley Park improvements. This project provides funds to the Friends of the Blackstone River for improvements to areas around the Blackstone River Valley focused on enhancing river access and safety, and complimenting the State's efforts to improve this river corridor.
- **Galilee Piers:** Due to an updated project schedule, the Budget removes \$4.6 million in funding from FY2023, leaving a balance of \$6.4 million, and adds \$2.3 million to FY2024, \$1.0 million to FY2027, and \$1.3 million to FY2028, for repairs to the Galilee Piers. The Port of Galilee is home to 170 commercial fishing vessels and provides affordable berthing spaces close to wholesale and retail seafood processing businesses. Since 2009, the Department has rebuilt numerous piers, as well as the southwest and northwest bulkhead. Current work is focused on the North Bulkhead and Docks AA-QQ. The North Bulkhead is more than 50 years old and includes 16 piers along its 1,500-foot length. The piers include berthing for vessels and businesses such as RI Engine, which provides regional vessel services, and Sea Freeze, a fish processing house with worldwide shipping.
- **Recreational Facilities Improvements:** Based on an updated project schedule, the Budget shifts \$900,000 from FY2023 into future years for this ongoing project. The Department manages over 50 buildings and 25 miles of roads, in addition to water supply systems and other infrastructure elements, in State Parks and Management Areas. Current tasks include completion of the Fort Adams Maintenance Garage, the construction of the Roger Wheeler bulkhead, dredging around the Oakland Beach boat ramp in Warwick Cove, and the reconstruction of the East Matunuck State Beach entryway.

COASTAL RESOURCES MANAGEMENT COUNCIL***Turnover Savings*** ***(\$400,000)***

Based on the third quarter report, the Budget realizes turnover savings totaling \$400,000 in general revenue and \$100,000 in federal funds. In FY2023, out of 32.0 authorized FTE positions, the Coastal Resources Management Council has averaged 27.4 filled FTE positions.

DEPARTMENT OF TRANSPORTATION***Highway Maintenance Account (other funds)*** ***\$76.1 million***

The Budget includes \$178.7 million in Highway Maintenance Account funds (HMA), an increase of \$76.1 million from the FY2023 Budget as Enacted. The Budget includes the use of \$80.7 million of the HMA carry-forward balance to meet state match requirements for federal funds. The Road and Bridge fund receives the largest appropriation, increasing by \$80.1 million from the FY2023 Budget as Enacted to \$148.5 million. The following table illustrates the HMA expenditure increase.

HMA Expenditures	FY2023 Enacted	FY2023 Final	Change from Enacted
Highway Drainage	\$6,000,000	\$6,034,943	\$34,943
Mixed Projects	500,000	500,000	—
RIPTA Transfer	9,875,766	10,110,878	235,112
Road And Bridge	68,408,226	148,487,257	80,079,031
State Match	17,863,719	13,572,358	(4,291,361)
Total	\$102,647,711	\$178,705,436	\$76,057,725

Toll Revenue (other funds)**(\$20.1 million)**

The Budget includes \$12.0 million in toll revenue for the Bridge Replacement, Reconstruction, and Maintenance Fund and its administration, reflecting a \$20.1 million reduction from the FY2023 Budget as Enacted. The Bridge Replacement, Reconstruction, and Maintenance Fund is the recipient of the State's tolling revenue. The reduction in toll revenue is related to the September 2022 District Court Ruling suspending Rhode Island's ability to collect tolls. The ruling is currently being appealed and the Department remains hopeful that a decision will be reached by the end of 2023.

Consolidated Appropriations Act (federal funds)**\$14.8 million**

The Budget includes a total of \$30.1 million in federal funds from the Consolidated Appropriations Act, reflecting an \$8.7 million increase to the \$21.5 million appropriated in the FY2023 Budget as Enacted. The additional federal funds will be used within the Infrastructure-Maintenance program for highway improvement projects.

Gas Tax Transfers (federal funds)**(\$11.0 million)**

The Budget includes \$147.3 million in gas tax transfers, reflecting a reduction of \$11.0 million from the FY2023 Budget as Enacted. The Department of Transportation receives the largest transfer of \$77.9 million, reflecting a reduction of \$5.9 million from the FY2023 enacted level. The following table illustrates the gas tax appropriations and reflect the Office of Revenue Analysis' May 2022 and May 2023 estimates.

FY2023 Gas Tax Transfers	FY2023 Enacted*	FY2023 Final**	Change from Enacted
RIPTA Transfer	\$42,487,220	\$39,493,338	(\$2,993,883)
UST to RIPTA	2,199,061	2,134,775	(64,286)
DEA Transfer	4,593,213	4,269,550	(323,663)
DOT share	83,826,137	77,919,288	(5,906,850)
Garvee Motor Fuel Tax Bonds	9,186,426	8,539,100	(647,326)
RITBA	16,076,246	14,943,425	(1,132,821)
Total	\$158,368,303	\$147,299,475	(\$11,068,828)

* Source: ORA May 2022 Estimate

**Source: ORA May 2023 Estimate

Vehicle Maintenance (other funds)**\$8.4 million**

The Budget includes \$11.9 million in gas tax revenue for vehicle maintenance in the Infrastructure-Maintenance program, reflecting an \$8.4 million increase from the FY2023 enacted level of \$3.6 million. The additional funds will be used to purchase industrial vehicles, such as heavy trucks, sweepers, backhoes and tractors in order to replace the program's existing fleet.

288 Allens Avenue Facility Purchase (other funds)**(\$7.6 million)**

The Budget shifts \$8.0 million in gas tax revenue from FY2023 to FY2024 for the Department's purchase of the currently leased facility located at 288 Allens Avenue. The Department has been leasing the facility

to store equipment and vehicles since FY2019 and was authorized to purchase the facility in FY2023. Due to a delay, the Department was unable to complete the purchase in FY2023 and is now expecting to make the purchase in FY2024. In addition to the shift, the Budget adds \$360,000 for updated leasing expenditures, reflecting a net reduction of \$7.6 million.

Rhode Island Highway Maintenance Account (other funds)

\$4.5 million

The Budget includes \$107.6 million of Rhode Island Highway Maintenance Account (RIHMA) funds, reflecting an increase of \$4.9 from the FY2023 enacted level. The estimate of revenue collected from the Rental Vehicle Surcharge exhibited the largest increase, rising \$3.9 million to \$7.1 million. The following table illustrates the revenue estimates and reflect the Office of Revenue Analysis' May 2022 and May 2023 estimates.

Rhode Island Highway Maintenance Account			
Fees and Surcharges	FY2023 Enacted*	FY2023 Final**	Change from Enacted
Licenses and Registrations Base	\$56.2	\$53.6	(\$2.6)
Licenses Surcharge	4.8	5.4	0.6
Vehicle Registrations Surcharge	14.9	15.7	0.8
Rental Vehicle Surcharge	3.2	7.1	3.9
Emission Inspection Fees	12.8	14.1	1.3
Motor Vehicle Title Fees	10.3	11.4	1.0
Good Driving Fees	0.4	0.3	(0.1)
RIHMA Total	\$102.6	\$107.6	\$4.9
5% Share to General Revenues	5.1	5.4	0.2
Remaining RIHMA Funds	\$96.9	\$102.2	\$5.3
5% Share to RIPTA	4.9	5.1	0.2
\$5.0 million Transfer to RIPTA	5.0	5.0	0.0
DOT Share	\$87.6	\$92.1	\$4.5

\$ in millions

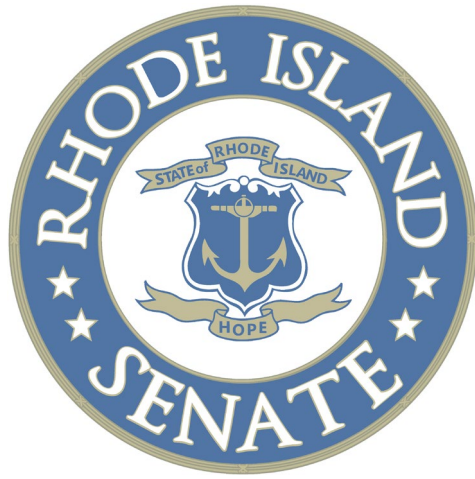
* Source: ORA May 2022 Estimate

**Source: ORA May 2023 Estimate

Winter Maintenance Operations (other funds)

(\$1.5 million)

The Budget includes \$13.0 million in gas tax revenue for winter maintenance operations, reflecting a \$1.5 million savings from the FY2023 Budget as Enacted. The adjustment includes a \$1.2 million reduction in road maintenance and repairs as well as a \$1.2 million reduction for snowplowing and sanding, offset by a \$700,000 increase for overhead related to the State Fleet.



ARTICLES

Article 1: Relating to Making Appropriations in Support of FY2024

Article 1 outlines the appropriation amounts from all fund sources for FY2024. In most cases, the appropriations are by fund source at the program level in each department or agency. The article includes the FTE position authorizations by department or agency. Other sections of the article outline the use of contingency funds; out-year appropriation changes in Rhode Island Capital Plan Fund projects; expenditure limits for internal service funds; outlines expenditures from the federal American Rescue Plan Act of 2021 and, disbursements of Lottery, Temporary Disability Insurance, and Employment Security. The article also:

- Sets the airport impact aid formula at \$1.0 million.
- Authorizes 15,636.9 FTE positions reflecting a net increase of 181.4 FTE positions, as compared to the authorized level set in the FY2023 Budget as Enacted.
- Details Community Service Objective grant funding recipients and amounts.
- Requires that all unexpended or unencumbered balances relating to the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island, be reappropriated to FY2025. In addition, the Office of the Postsecondary Commissioner shall provide \$8.6 million to the Rhode Island Promise Scholarship program, \$4.0 million to the Rhode Island Hope Scholarship Program, \$355,000 to support the Rhode Island College Crusade, \$200,000 to the Rhode Island School for Progressive Education, \$151,410 to support the State's membership in the New England Board of Higher Education, and \$75,000 to Best Buddies Rhode Island.
- Caps the amount the Judiciary may charge five state agencies (Public Defender's Office, Office of the Attorney General, Department of Corrections, DCYF, and Department of Public Safety) for public courthouse occupancy costs at \$1.3 million.
- Requires that Rhode Island Housing and Mortgage Finance Corporation continue to provide resources to support the Neighborhood Opportunities Program; an amount, however, is not designated. The Article requires a report be provided to the Director of Administration, chair of the Housing Resources Commission, State Budget Officer, and the chairs of the House and Senate Finance Committees on the number of housing units produced and on the amount of funding provided to the program.
- Clarifies that the federal funds do not include federal funds or assistance appropriated, authorized, allocated, or apportioned to the State from the State Fiscal Recovery Fund and Capital Projects Fund pursuant to the American Rescue Plan Act of 2021. Requires that all unexpended or unencumbered balances relating to the State Fiscal Recovery Fund and Capital Projects Fund be reappropriated to FY2025 and made available for the same purposes.
- Includes the appropriation mechanism necessary for incremental tax revenues collected from State economic activity taxes generated in Pawtucket's Downtown Redevelopment district be made available to the City. Legislation enacted in 2019 established several geographical districts within downtown Pawtucket that would constitute the City of Pawtucket's Downtown Redevelopment project. Any incremental tax revenues generated in these districts related to new economic development are to be made available to the City once an agreement is made between City and the State. This agreement was entered into in December 2020. Since the passage of the legislation, CommerceRI has been certifying these revenues and the Division of Taxation has segregated them into their own account. The language makes the formal appropriation in the Budget to disburse the funds to the City of Pawtucket.
- Article 1 requires the State Controller to transfer \$55.0 million to the Supplemental State Budget Reserve Account by July 14, 2023. In addition, the article requires the State Controller to transfer \$115.0 million from the Information Technology restricted receipt account to the Large Systems Initiatives Fund by July 14, 2023. These funds reflect balances in the Fund that were previous

appropriations to capitalize the ITIF in FY2021 and FY2022. The transfer includes the following projects, which will be updated in August/September 2023:

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

Source: Department of Administration - Office of Management and Budget

- Exempts the proposed adolescent female residential treatment facility planned at the former Ladd School property in the Town of Exeter from the requirements of the Rhode Island Comprehensive Planning and Land Use Act (RIGL 45-22.2) and from Zoning Ordinance requirements under RIGL 45-24.

Analyst Note: Because state projects are subject to local land use processes (following a State Supreme Court case), the Department of Administration contacted the Town of Exeter to see if the town would allow an exemption for this one facility. The Town expressed interest in working with the State on a master land use plan for the entire ~500-acre Ladd campus. The Budget includes \$250,000 in RICAP funds for land use planning involving the 500-acre site of the former Ladd School in the Town of Exeter.

APPROPRIATIONS

Article 1 makes appropriations from general revenues and authorizes expenditures of federal funds, restricted receipts, and other funds for the fiscal year ending June 30, 2024.

Expenditures by Source	FY2022 Final	FY2023 Enacted	FY2024 Enacted	Change to Enacted
General Revenue	\$5,236.5	\$5,042.2	\$5,425.1	\$382.9
Federal Funds	5,326.6	5,708.4	5,643.0	(65.4)
Other Funds	2,055.1	2,398.4	2,550.6	152.2
Restricted Receipts	318.4	453.5	392.1	(61.4)
Total	\$12,936.6	\$13,602.5	\$14,010.8	\$408.3

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

In addition, Article 1 provides for the annual appropriation of the Contingency Fund; Temporary Disability Insurance Funds (TDI); Employment Security (UI Trust Fund); CollegeBoundSaver Funds; and, Lottery Division funds for award winnings during FY2024.

Section 1 also provides language directing the disbursement of specific appropriations including:

- **Supplemental State Budget Reserve Account:** The Budget requires the State Controller to transfer \$55.0 million to the Supplemental State Budget Reserve Account by July 14, 2023 (FY2024). Article 2, Section 2 establishes the new budget reserve account to provide additional reserve funds that can be appropriated when a general revenue deficit occurs. Expenditures from the supplemental account would be subject to the same limitations as the existing Rainy Day Fund, and deposits are subject to appropriation.
- **Administration – Large Systems Initiatives Fund:** The Budget appropriates \$13.0 million in general revenue to establish a new fund similar to the current Information Technology Investment Fund for the purpose of implementing and maintaining enterprise-wide software projects. The Fund would be

established using \$13.0 million from the FY2022 general revenue surplus, of which \$8.0 million will be additional funding for the Comprehensive Child Welfare Information System (CCWIS) information technology project. In addition, \$5.0 million will be allocated to the Gateway to Government, to expand the current Digital Government pilot program to transition licensing processes to a paperless platform.

- **Labor and Training – Direct Care Training:** The article requires \$600,000 in general revenue be used for enhanced training for direct care and support services staff to improve the resident quality of care for nursing facility residents.
- **EOHHS - Graduate Medical Education:** The article allocates \$2.5 million in general revenue for the Graduate Medical Education programs, of which \$1.0 million for hospitals designated as a Level I Trauma Center, \$1.0 million for hospitals providing Neonatal Intensive Care Unit (NICU) care, and \$500,000 for the residential training program at Landmark Hospital.
- **BHDDH – DD Consent Decree:** The State has been under a Consent Decree with the United States Department of Justice since 2014, requiring the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH) to foster more supportive and less isolated employment opportunities and day services for individuals with intellectual and developmental disabilities. With the Consent Decree scheduled to end in FY2024, the State has agreed to an action plan to ensure the requirements of the Consent Decree are fulfilled. Article 1 allocates \$33.2 million in general revenue (\$75.0 million all funds) for direct support professional wage increases.
- **RIDE - Rhode Island Vision Education and Services Program:** The article requires that \$684,000 from the Department of Elementary and Secondary Education’s share of federal Individuals with Disabilities Education Act funds, be allocated to the Sherlock Center on Disabilities to support the Rhode Island Vision Services Program.
- **RIDE - Education Aid:** The article prioritizes the allocation of early childhood funds for prekindergarten seats and classrooms for four-year-olds with a family income at or below 185.0 percent of federal poverty guidelines and who reside in communities with higher concentrations of low performing schools.
- **Public Safety – Body-worn Camera:** The article includes \$13.5 million of one-time general revenue to support the new statewide body-worn camera program for law enforcement officers. On June 16, 2021, the State’s political and law enforcement leadership announced support for a statewide program to put body-worn cameras on every frontline police officer and supervisor in Rhode Island. The statewide program is designed to equip approximately 1,700 of Rhode Island’s uniformed patrol officers, across every municipal police department and the Rhode Island State Police, with body-worn cameras by December 2022. All unexpended or unencumbered balances as of June 30, 2024, shall be reappropriated to FY2025.
- **Corrections – Sex Offender Discharge:** The Budget allocates \$1.0 million to Crossroads Rhode Island for sex offender discharge planning.
- **Environmental Management:** The Budget requires \$100,000 be allocated to the Wildlife Rehabilitators Association of Rhode Island to support a veterinarian at the Wildlife Clinic of Rhode Island, and requires \$100,000 be allocated to the Conservation Districts.
- **RIPTA- Paratransit Voucher Pilot Program:** The Budget authorizes and directs RIPTA to use \$500,000 of gas tax revenue to conduct a pilot program in order to study the expansion of the Authority’s paratransit services to communities that are currently underserved. The Authority will provide individuals with prepaid vouchers to cover the costs associated with their paratransit use. RIPTA must commence the program by January 1, 2024, and the Authority shall submit a report concerning the conclusions to the Speaker of the House and the Senate President no later than June 1, 2025.

Analyst Note: The program will be funded by RIPTA's annual gas tax appropriation, as the Budget did not provide the Authority with additional funds conduct the program.

RIDOT – Municipal Roadway Database: The Budget includes \$20.0 million of federal funds for the new Municipal Roads Grant Program. The Municipal Roads Grant Program will provide municipalities with \$20.0 million in American Rescue Plan Act (ARPA) federal funds, serving as a 33.0 percent match to fund road, bridge, and sidewalk projects on locally maintained, municipal roads. The cities and towns will provide the remaining 67.0 percent, reflecting a possible \$60.0 million available for municipal road improvement. The Department will divide \$5.0 million of federal funds equally amongst all municipalities, with the remaining \$15.0 million appropriated to municipalities based on the non-federal land miles of roads they contain.

INTERNAL SERVICE FUNDS

Article 1 authorizes 15 specific, capped internal service accounts to permit reimbursement of costs for work or other services performed by certain departments or agencies for any other department or agency. The FY2018 Budget as Enacted established centralized accounts for each agency and allows the Department of Administration to draw upon these accounts for billable centralized services and deposit the funds into the rotary accounts under the Department of Administration. Reimbursements may only be made up to the expenditure cap for each account, as outlined below.

Internal Service Account	FY2023 Enacted	FY2024 Governor	Change
State Assessed Fringe Benefits	\$37,370,321	\$37,390,672	\$20,351
Administration Central Utilities	27,355,205	39,364,206	12,009,001
State Central Mail	7,303,550	8,076,555	773,005
State Telecommunications	3,513,931	3,659,422	145,491
State Automotive Fleet	12,869,107	13,069,648	200,541
Surplus Property	3,000	44,789	41,789
Health Insurance	272,697,174	272,732,438	35,264
Other Post-Employment Benefits	63,858,483	63,858,483	-
Capital Police	1,380,836	1,411,825	30,989
Corrections Central Distribution Center	7,524,912	7,534,562	9,650
Correctional Industries	8,472,206	8,339,394	(132,812)
Secretary of State Records Center	1,143,730	1,175,426	31,696
Human Resources Internal Service Fund	15,991,654	17,117,623	1,125,969
DCAMM Facilities Internal Service Fund	47,011,910	61,150,543	14,138,633
Information Technology Internal Service Fund	50,789,409	56,136,183	5,346,774
Total	\$557,285,428	\$591,061,769	\$33,776,341

FTE POSITIONS

Article 1 establishes the authorized number of full-time equivalent (FTE) positions for each State department and agency. Departments and agencies may not exceed in any pay period the number of authorized FTE positions shown. Statewide, the Budget has a net increase of 181.4 FTE positions from the FY2023 Budget as Enacted. The following table lists the FTE amounts by budget function:

FTE Positions by Function	FY2023 Enacted	FY2024 Enacted	Change to Enacted
General Government	2,494.4	2,533.4	39.0
Human Services	3,734.3	3,795.3	61.0
Education	4,223.4	4,242.8	19.4
Public Safety	3,275.6	3,333.6	58.0
Natural Resources	449.0	457.0	8.0
Transportation	755.0	755.0	-
Subtotal	14,931.7	15,117.1	185.4
<i>Higher Ed. Sponsored Positions</i>	<i>523.8</i>	<i>519.8</i>	<i>(4.0)</i>
Total FTE Positions	15,455.5	15,636.9	181.4

COMMUNITY SERVICE OBJECTIVES

The FY2017 Budget as Enacted changed the Community Service Objective (CSO) Grants program. Previously, CSO grants were funded in executive agency budgets, but were not specifically delineated in the appropriations act. The program now consists of two components: line-item grant awards, and pool grants. Line-item grants are identified in the appropriations act and include a brief description of the grant purpose. Pool grants will be allocated by executive branch agencies either by formula, or through a competitive process. State agencies will manage the application, award, and reconciliation processes for the awards. Consistent with previous practice, the awards may be subject to audits by the Bureau of Audits.

The FY2023 Final Budget includes \$13.7 million in general revenue for CSO grant awards across 14 state agencies. The FY2024 Budget includes \$12.5 million in general revenue in FY2024, a decrease of \$1.2 million from the previously enacted budget. The Budget recommends increasing the following grants; Senior Center Support \$200,000, Project Reach – Boys and Girls Club \$100,000, Meals on Wheels \$100,000, RI Community Food Bank \$100,000, Conservation Districts \$50,000, and Higher Ground International for \$25,000, and Waterfire for \$25,000.

The Budget decreases the following grants: Community Action Fund – Pandemic Relief \$1.4 million and RI Alliance of Boys and Girls Clubs \$750,000.

The Budget includes seven new CSO awards; Veterans Services Officers Program \$100,000, RI Council for the Humanities \$100,000, We the People Civics Challenge \$50,000, Operation Stand Down \$50,000, Center for Southeast Asians for \$25,000, RI Black Heritage Society \$25,000, and Rhode Island Slave History Medallions \$25,000.

Agency	Grant Recipient	FY2023			FY2024	
		Enacted	FY2023 Final	Change	Enacted	Change
Administration	City Year - Whole School Whole Child Program	\$130,000	\$130,000	\$0	\$130,000	\$0
Executive Office of Commerce	STAC Research Alliance	900,000	900,000	-	900,000	-
Executive Office of Commerce	Polaris Manufacturing Technical Assistance Program	450,000	450,000	-	450,000	-
Executive Office of Commerce	Chafee Center at Bryant	476,200	476,200	-	476,200	-
Executive Office of Commerce	Urban Ventures	140,000	140,000	-	140,000	-
Executive Office of Commerce	East Providence Waterfront Commission	50,000	50,000	-	50,000	-
Labor and Training	Year Up	200,000	200,000	-	200,000	-
Secretary of State	Rhode Island Historical Society	125,000	125,000	-	125,000	-
Secretary of State	Newport Historical Society	18,000	18,000	-	18,000	-
Secretary of State	RI Council for the Humanities	-	-	-	100,000	100,000
Secretary of State	We the People Civics Challenge	-	-	-	50,000	50,000
Secretary of State	RI Black Heritage Society	-	-	-	25,000	25,000
Human Services - Healthy Aging	Diocese of Providence - Elder Services	325,000	325,000	-	325,000	-
Human Services - Healthy Aging	Alliance for Long Term Care Ombudsman Services	40,000	40,000	-	40,000	-
Human Services - Healthy Aging	Elderly Housing Security	85,000	85,000	-	85,000	-
Human Services - Healthy Aging	Elderly Nutrition	50,000	50,000	-	50,000	-
Human Services - Healthy Aging	Meals on Wheels	530,000	530,000	-	630,000	100,000
Human Services - Healthy Aging	Senior Center Support	1,000,000	1,000,000	-	1,200,000	200,000
Human Services	Coalition Against Domestic Violence	400,000	400,000	-	400,000	-
Human Services	Project Reach - Boys and Girls Club	350,000	350,000	-	450,000	100,000
Human Services	Day One	267,000	267,000	-	267,000	-
Human Services	RI Community Food Bank	450,000	450,000	-	550,000	100,000
Human Services	Crossroads Rhode Island	500,000	500,000	-	500,000	-
Human Services	Institute for the Study and Practice of Nonviolence	250,000	250,000	-	250,000	-
Human Services - Veterans Services	Operation Stand Down	-	-	-	50,000	50,000
Human Services - Veterans Services	Veterans' Organizations	200,000	200,000	-	200,000	-
Human Services - Veterans Services	Veterans Services Officers Program	-	-	-	100,000	100,000
Human Services	Community Action Fund	600,000	600,000	-	600,000	-
Human Services	Community Action Fund - Pandemic Relief	1,400,000	1,400,000	-	-	(1,400,000)
Human Services	Higher Ground International	50,000	50,000	-	75,000	25,000
Human Services	Refugee Dream Center	50,000	50,000	-	50,000	-
Human Services	RI Alliance of Boys and Girls Clubs	750,000	750,000	-	-	(750,000)
Human Services	Center for Southeast Asians	-	-	-	25,000	25,000
Education	Hasbro Children's Hospital - Hospital School	90,000	90,000	-	90,000	-
Education	Child Opportunity Zones	395,000	395,000	-	395,000	-
Office of Postsecondary Commissioner	Rhode Island College Crusade	355,000	355,000	-	355,000	-
Office of Postsecondary Commissioner	Best Buddies Rhode Island	75,000	75,000	-	75,000	-
Office of Postsecondary Commissioner	RI School for Progressive Education	200,000	200,000	-	-	(200,000)
University of Rhode Island	Small Business Development Center	700,000	700,000	-	700,000	-
University of Rhode Island	Institute for Labor Studies and Research	100,000	100,000	-	100,000	-
University of Rhode Island	Special Olympics Rhode Island	50,000	50,000	-	50,000	-
Arts Council	WaterFire Providence	375,000	375,000	-	400,000	25,000
Historical Preservation	Fort Adam's Trust	30,000	30,000	-	30,000	-
Historical Preservation	Rhode Island Slave History Medallions	-	-	-	25,000	25,000
Corrections	Crossroads Rhode Island	1,050,000	1,050,000	-	1,050,000	-
Judicial	Rhode Island Coalition Against Domestic Violence	230,000	230,000	-	230,000	-
Judicial	Rhode Island Legal Services	90,000	90,000	-	90,000	-
Environmental Management	Wildlife Rehabilitators Association of RI	100,000	100,000	-	100,000	-
Environmental Management	Conservation Districts	50,000	50,000	-	100,000	50,000
Total		\$13,676,200	\$13,676,200	\$0	\$12,301,200	(\$1,375,000)

CAPITAL APPROPRIATIONS

Article 1 authorizes amounts from the Rhode Island Capital Plan (RICAP) Fund, not otherwise appropriated, to be expended during the fiscal years ending June 30, 2025, June 30, 2026, June 30, 2027, and June 30, 2028. These amounts supersede appropriations provided for FY2024 within the FY2023 Budget as Enacted.

Subject to final General Assembly approval, any unexpended or unencumbered funds from the RICAP Fund project appropriations in excess of \$500 may be reappropriated to the next fiscal year and made available for the same purpose. Any remaining funding less than \$500 may be reappropriated at the discretion of the State Budget Officer.

STATE FISCAL RECOVERY FUNDS

Sections 16, 17, and 18 of this article pertain to the authorization and appropriation of the State Fiscal Recovery Fund (SFRF) and Capital Projects Fund (CRF) federal funds.

- Section 16 clarifies that the federal funds do not include federal funds or assistance appropriated, authorized, allocated, or apportioned to the State from the State Fiscal Recovery Fund and Capital Projects Fund pursuant to the American Rescue Plan Act of 2021. This section consolidates the projected out-year appropriations of the State Fiscal Recovery Fund and Capital Projects Fund, to be expended during the fiscal year ending June 30, 2024; and includes language outlining the various SFRF projects.
- Section 17 requires that all unexpended or unencumbered balances relating to the SFRF and Capital Projects Fund, be reappropriated to the ensuing fiscal year and made available for the same purposes.
- Section 18 maintains the Pandemic Recovery Office within the Department of Administration to oversee and ensure compliance with the rules, regulations, and guidance issued by the United States Department of the Treasury of expenditures from the SFRF and Capital Projects Fund. The Pandemic Recovery Office will be responsible for submitting all reports required by the United States Department of the Treasury for the SFRF and Capital Projects Fund.

Article 2: Relating to State Funds

This article establishes a new Large Systems Initiative Fund (LSIF) and a new Supplemental State Budget Reserve restricted receipt account; changes the name of the Information Technology Investment Fund to the Investment Technology Restricted Receipt Account; exempts a new RGGI-Executive Climate Change Coordinating Council Projects restricted receipt account from imposition of the 10.0 percent indirect cost recovery charge; and, shifts Division of Motor Vehicles (DMV) duplicate license/updated information fee revenue from general revenue to the State's Highway Maintenance Account in FY2024. The article:

- Establishes the Large Systems Initiative Fund (LSIF) similar to the current Information Technology Investment Fund for the purpose of implementing and maintaining enterprise-wide software projects, in order to better facilitate federal participation in large information technology projects. The LSIF shall be administered by the Chief Information Officer within the Department of Administration. Language included in Article 1 of the Budget requires the State Controller to transfer \$115.0 million from the Information Technology restricted receipt account to the Large Systems Initiative Fund by July 14, 2023. The LSIF shall consist of funds as appropriated by the State.
- Amends several sections of general law striking reference to the Information Technology Investment Fund and replaces it with the term Investment Technology Restricted Receipt Account.
- Establishes the Supplemental State Budget Reserve Account to provide additional reserve funds that can be appropriated when a general revenue deficit occurs. Language included in Article 1 of the Budget requires the State Controller to transfer \$55.0 million to the Supplemental State Budget Reserve Account by July 14, 2023.
- Requires that upon the issuance of the audited financial statement, the State Controller will transfer 50.0 percent of the excess general revenue, net of the transfer to the State Budget Reserve and Cash Stabilization account, to the Supplemental State Budget Reserve account and 50.0 percent to the State Employees' Retirement System to support the State pension system.
- Exempts one new restricted receipt account from the 10.0 percent indirect cost recovery charge provisions and changes the name of an existing restricted receipt account. The proposed exemptions would apply to the following account: RGGI-Executive Climate Change Coordinating Council Projects. In addition, the article revises the name of the Information Technology Investment Fund to the Information Technology restricted receipt account.
- Shifts Division of Motor Vehicles (DMV) duplicate license/updated information fee revenue from general revenue to the State's Highway Maintenance Account (HMA) in FY2024. The Transportation Investment and Debt Reduction Act of 2011 (TIDRA) created the HMA within the Intermodal Surface Transportation Fund (ISTF). The account is currently funded via surcharges associated with licenses, vehicle registrations, inspection stickers, titles, and other related DMV fees. The HMA is used for projects that appear in the State's transportation improvement program. The FY2019 Budget as Enacted consolidated the duplicate license fee with the updated information fee, effectively increasing the latter's fee revenue by \$20. The additional revenue was diverted to general revenue rather than deposited in the HMA, in order to fund increased personnel costs associated with an anticipated surge in licensing activity related to the implementation of the RealID program. This surge never materialized and the Governor recommends shifting these fees from general revenue to the HMA, consistent with the original intent of the TIDRA.
- Establishes a restricted receipt account titled "Attorney General Non-Multi-State Initiative Restricted-Receipt Account." The account will be funded with attorney fees recovered from opioid related claims and non-multistate initiatives within the Office of the Attorney General and will be used to finance the Office's staff as well as other operational expenses.

FISCAL IMPACT

The article exempts annual restricted receipt revenues that will be transferred to the Executive Climate Change Coordinating Council from the 10.0 percent indirect cost recovery charge provisions. Had these accounts not been exempt, the accounts would have transferred a total of \$300,000 in FY2023 and up to \$150,000 in future years to the general fund.

- Language included in Article 1 of the Budget requires the State Controller to transfer \$55.0 million of surplus funds to the Supplemental State Budget Reserve Account by July 14, 2023.
- Language in Article 5 requires, for FY2023 only, that the Office of Energy Resources (OER) transfer \$3.0 million from the Regional Greenhouse Gas Initiative (RGGI) unallocated auction proceeds to the Executive Climate Change Coordinating Council (EC4) restricted receipt account, to maintain funding for the existing electric vehicle and electric bicycle incentive programs and to support other projects. Article 5 also includes language that commencing January 1, 2024, and thereafter, auction allowance proceeds in excess of \$4.5 million, but limited to \$1.5 million per year, will be transferred to the Office of Energy Resources (OER) for the purpose of funding Executive Climate Change Coordinating Council's (EC4) climate change related initiatives.
- Language included in Article 1 of the Budget requires the State Controller to transfer \$115.0 million from the Information Technology Restricted Receipt account to the Large Systems Initiative Fund by July 14, 2023.
- The transfer of DMV duplicate license fees from general revenue to the Highway Maintenance Account will reduce general revenue by \$950,000 in FY2024. RIGL 39-18.1-4(c) sets the indirect cost recovery (ICR) charge at 5.0 percent on funds collected under the Highway Maintenance account statute. This percentage of the ICR differs from the 10.0 percent on restricted receipts as set under RIGL 35-4-27.

ANALYSIS AND BACKGROUND

Investment Technology Restricted Receipt Account

Sections 1, 5, 6, 8, and 11 amend several sections of general law including RIGL 23-3-25, 31-2-27, 37-2-12, 39-21.1-14, 42-11-2.5, 42-11-2.6, and 42-11-2.8, striking reference to the Information Technology Investment Fund and replacing it with the term Investment Technology Restricted Receipt Account.

Supplemental State Budget Reserve Account

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

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

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

Section 2 of this article establishes a supplementary budget reserve fund in FY2024. The FY2024 Budget as Enacted requires the transfer of \$55.0 million in surplus funding by July 14, 2023, into a “State Supplemental Budget Reserve Account”. Expenditures from the supplemental account would be subject to the same limitations as the existing Rainy Day Fund, and deposits are subject to appropriation.

A larger fund balance would better position Rhode Island to weather economic downturns and would be viewed favorably by ratings agencies. Both the Tax Policy Center (TPC) and the Center on Budget and Policy Priorities (CBPP) recognize Rainy Day Funds in excess of 15.0 percent as best practice post Great Recession. According to the CBPP, “since the Great Recession, a number of states have raised their caps. Connecticut, Georgia, Michigan, Oklahoma, and Virginia raised theirs to 15.0 percent; Arizona increased its cap from 7.0 percent to 10.0 percent and South Carolina raised it from 3.0 percent to 5.0 percent.”

According to The Tax Policy Center’s Briefing Book March 2020: The cap is percentage of either revenues or expenditures, although there are states have more complex formulas for determining maximum fund size. Most states that finance their Rainy Day Fund with operating surpluses stop transfers once the cap has been reached, allowing the surplus to remain in the general fund. A few states redirect those operating surpluses to other funds for special projects or taxpayer relief.

The percentage for Rhode Island is equal to Vermont but far lower than the other New England states:

New England	Rate	Cap or Target
Maine	18.0%	Current FY general fund appropriations
Connecticut	15.0%	Current FY general fund appropriations
Massachusetts	15.0%	Prior FY budgeted revenue
New Hampshire	10.0%	Prior FY general fund revenue
Rhode Island	5.0%	Current FY estimated state general revenue
Vermont	5.0%	Prior FY general fund appropriations

Source: PEW Charitable Trust’s *Why States Save*

Indirect Cost Recovery Exemptions

State law permits the assessment of a 10.0 percent indirect cost recovery charge on most state restricted receipt accounts in order to support the administrative overhead costs associated with the collection of funds and administration of the accounts. RIGL 35-4-27 enumerates those restricted receipts exempted from this assessment. Beginning in FY2023, the article exempts \$3.0 million in restricted receipt revenues that will be transferred to the Executive Climate Change Coordinating Council from the 10.0 percent indirect cost recovery charge provisions. Had these accounts not been exempt, the accounts would have transferred a total of \$300,000 in FY2023 and \$150,000 in future years to the general fund.

Section 3 of this article amends the name of one restricted account and expands the list to include a new account:

Rainy Day Fund Deposit	States
All or a portion of year-end surplus	Georgia, Kentucky, Minnesota, Mississippi, Montana, New Jersey, New Mexico, New York, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Dakota, Utah, <i>Vermont</i> , West Virginia, Wisconsin
Portion of total or special revenues	Alaska, California, Rhode Island , Wyoming
Tied to revenue or economic growth	Arizona, Idaho, Illinois, Indiana, Michigan, North Carolina, Tennessee, Virginia
Required minimum balance	Colorado, Florida, Iowa, Missouri, South Carolina
Combination	<i>Connecticut</i> , Delaware, DC, Hawaii, Louisiana, Maine, Maryland, <i>Massachusetts</i> , Nebraska, Nevada, <i>New Hampshire</i> , Texas, Washington
No required payments	Alabama, Arkansas, Kansas

Source: TPC *Rainy Day Fund Deposit Mechanisms March 2020*

Information Technology Restricted Receipt Account: The article changes the name of the Information Technology Investment Fund to the Investment Technology Restricted Receipt Account. The change in account has no impact on transfers to the general fund.

RGGI-Executive Climate Change Coordinating Council Projects: The article adds the RGGI-Executive Climate Change Coordinating Council Projects to the list of restricted receipt accounts that are exempt from the 10.0 percent indirect cost recovery charge on most state restricted receipt accounts.

Rhode Island Highway Maintenance Fund

Section 7 shifts Division of Motor Vehicles (DMV) duplicate license/updated information fee revenue from general revenue to the State's Highway Maintenance Account (HMA) in FY2024. The Transportation Investment and Debt Reduction Act of 2011 (TIDRA) created the HMA within the Intermodal Surface Transportation Fund (ISTF). The account is currently funded via surcharges associated with licenses, vehicle registrations, inspection stickers, titles, and other related DMV fees. The HMA is used for projects that appear in the State's transportation improvement program. The FY2019 Budget as Enacted consolidated the duplicate license fee with the updated information fee, effectively increasing the latter's fee revenue by \$20. The additional revenue was diverted to general revenue rather than deposited in the HMA in order to fund increased personnel costs associated with an anticipated surge in licensing activity related to the implementation of the RealID program. This surge never materialized and the Budget shifts these fees from general revenue to the HMA, consistent with the original intent of the TIDRA.

Large Systems Initiative Fund

Section 11 of this article establishes a new Large Systems Initiative Fund (LSIF) similar to the current Information Technology Investment Fund (ITIF) for the purpose of implementing and maintaining enterprise-wide software projects, in order to better account for appropriations versus expenditures on the State's financial statements and to facilitate federal participation in large information technology projects. The cost of enterprise IT projects may be allocated to federal funds, provided that the allocation is in proportion to the support it provides to federally funded activities. For a capital development project, however, the costs may only be charged to a federal fund after the project is completed and placed in service. Then, the value of the asset is amortized over the life of the of the equipment with federal funds used to pay the depreciation of the product that is used in proportion with the federal fund use of the product.

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

The Budget transfers \$115.0 million from the Information Technology Investment Fund restricted receipt account to the Large Systems Initiative Fund, by July 14, 2023. These funds reflect balances in the Fund that were previous appropriations to capitalize the ITIF in FY2021 and FY2022.

- The FY2021 appropriation included \$50.0 million to implement the Enterprise Resource Planning System (ERP) and \$17.0 million to the replace the Department of Children, Youth, and Families' case management system known as RICHIST.
- The FY2022 appropriation included \$75.0 million for additional Enterprise Resource Planning System (ERP) and RICHIST work, as well as \$22.4 million for the implementation of an electronic medical records system for the state hospitals, \$19.4 million for the replacement and modernization of the Legacy mainframe system in the Department of Labor and Training, \$6.7 million for RIBridges Mobile and Childcare Tracking, \$2.5 million for Blockchain Digital Identity, \$5.8 million for the Department of Environmental Management's online permit and licensing system for fish and wildlife, commercial fishing and boating registrations, \$3.3 million for Wi-Fi and Technology at the Adult Correctional Institutions, and \$2.3 million for the tax modernization system.

In addition, the Budget includes a \$13.0 million general revenue appropriation to capitalize the Large Systems Initiative Fund (LSIF), of which \$8.0 million for additional funding of the Comprehensive Child Welfare Information System (CCWIS) information technology project. The Budget allocates the remaining \$5.0 million to support the new Gateway to Government initiative that expands the Digital Government Pilot Program in the Department of Business Regulation.

Article 3: Relating to Government Reform and Reorganization

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

- Increases the number of members on the Inter-Agency Food and Nutrition Advisory Council to 9.0 and includes Directors, or designees, from the Executive Office of Commerce and the Department of Children, Youth, and Families.
- Amends the definition of bridge and defines the State’s responsibilities for bridges and smaller structures.
- Amends state law to align with the federal Burial Equity for Guards and Reserve Act, which was signed into law by President Biden on March 15, 2022.
- Amends RIGL 36-4-16.4 regarding the annual public hearing to determine the salaries of the executive branch directors to include the Secretaries of Executive Office of Health and Human Services, Commerce, and Housing.
- Expands the responsibilities of the Director of the Office of Management and Budget (OMB) to conduct reviews, evaluations, and assessments on process efficiency, effectiveness, and program performance on executive branch agencies.
- Amends RIGL 35-3-24.1 regarding program performance measurement by requiring state agencies to provide timely reports, records, and analyses relating to state agency programs and operations. The article authorizes the OMB to produce analyses and recommendations to state agencies to improve program performance.
- Increases the percentage of procurements and construction projects awarded to Minority Business Enterprises (MBEs) to 15.0 percent. 7.5 percent of projects will be awarded to minority businesses owned and controlled by a minority partner, and 7.5 percent of projects will be awarded to businesses owned and controlled by women.
- Eliminates the requirement for individuals enrolled in the State Police and Municipal Training Academy to reimburse the State for the cost of meals consumed.
- Removes the requirement of Correctional Officers to actively monitor individuals in-person that are serving life sentences without parole, if individuals are confined to a medical facility and the presence of Correctional Officers do not provide additional safety to the public.
- Establishes the Rhode Island Longitudinal Data System Act (RILDS), which shifts 4.0 Sponsored Research FTE positions from URI to the Office of the Postsecondary Commissioner and adds 3.0 additional FTE positions to support the RILDS. The Article also requires the RILDS Board to provide a plan, by November 1, 2023, to the Governor, the House, and the Senate on how to establish a statewide, integrated data system.
- Repeals the Underground Storage Tank Advisory Board. According to the Administration, the Board is largely defunct since it does not currently have any members and no longer holds meetings.

FISCAL IMPACT

Several of the initiatives in this article have an impact on expenditures in the Governor’s FY2024 Budget. The impact is summarized in the following table.

Article 3 Expenditure Changes	FY2024		
	General Revenue	Federal Funds	Restricted Receipts
Rhode Island Longitudinal Data System Act (RILDS)	\$575,000	\$466,125	\$64,000
Correctional Officers in Medical Facilities	(488,545)	-	-
Burial Equity for Guards and Reserve Act	344,340	-	-
OMB Program Performance (RIGL 35-3-24.1)	303,047	-	-
Trainee Trooper Meal Plan	88,000	-	-
Total	\$821,842	\$466,125	\$64,000

ANALYSIS AND BACKGROUND:

The Inter-Agency Food and Nutrition Advisory Council

RIGL 21-36 establishes the Inter-Agency Food and Advisory Council to examine and address the lack of access to nutrient-dense and healthy foods. As of 2021, 11.4 percent of Rhode Island’s population identify as food insecure, disproportionately effecting minority households and households with children under 18.

The article includes an additional 2.0 representatives from the Executive Office of Commerce and the Department of Children, Youth, and Families (DCYF). The board composition is as follows:

- The Director of Health, or their designee
- The Director of Environmental Management, or their designee
- The Director of Administration, or their designee
- The Director of the Department of Human Services, or their designee
- The Director of the Office of Health Aging, or their designee
- The Director of the Department of Corrections, or their designee
- The Director of the Executive Office of Commerce, or their designee
- The Director of the Department of Children, Youth, and Family, or their designee.

The Council has taken special interest in the economic impacts of Rhode Island’s food systems and increasing access to nutrient dense food to Rhode Island’s most vulnerable populations. The Executive Office of Commerce currently runs the Relish Rody program, a statewide food strategy charged with improving RI’s local food economy, enhance the State’s food business, minimize waste, and ensure access to healthy and culturally relevant foods for all Rhode Islanders, especially those from vulnerable populations. The Department of Children, Youth, and Families assists some of Rhode Island’s most vulnerable populations. Many of the Department’s clients face socioeconomic barriers preventing them from accessing nutrient dense foods. Creating a connection between the Council and the representatives from DCYF and Commerce will help align activities to increase the Council’s effectiveness and increase access to nutrient-dense foods.

Bridge Structure

The article amends the definition of bridge to one that is more consistent with federal regulations and most surrounding states. The article also defines the State’s responsibilities for bridges and smaller structures, which includes reporting inspection and load rating findings as well as the construction and maintenance costs of bridges that the State owns.

The State currently defines a bridge as, “any structure not less than five feet in width.” The amended definition is “a structure including supports erected over a depression or an obstruction, such as water,

highway, or railway, and having a track or passageway for carrying traffic or other moving loads, and having an opening measured along the center of the roadway of eight (8) feet or more between under copings of abutments, spring lines or arches, or the extreme ends of openings for multiple boxes; it also includes single or multiple pipes where the clear distance between openings of multiple pipes is less than half of the smaller contiguous opening.”

Additionally, the article redefines the State’s responsibilities concerning bridges and smaller structures. Currently, “Any structure less than five feet (5’) in width lying in any highway now being or hereafter becoming a part of the state highway system shall be constructed, repaired, or reconstructed at the expense of the state.” The recommended State responsibilities include reporting inspection and load rating findings for National Bridge Inventory on all roadways, as well as the construction and maintenance costs associated with bridges on state owned roads, structures less than eight (8) feet on State owned roads, and other state-owned structures unless otherwise agreed upon. Furthermore, the article rescinds the State’s responsibility for the construction and maintenance costs of bridges and smaller structures that are not owned by the State, as well as specifically noting that the performance of load ratings or inspections on bridges or smaller structures, does not constitute State ownership or responsibility.

Moreover, the smaller structures will be subject to a Serviceability Inspection, which is in congruence with federal inspection procedures. This process provides for an inspection that identifies major deficiencies and safety issues to be performed by personnel with general knowledge of bridge maintenance and bridge inspection. The article creates savings related to decreased maintenance and inspection costs; however, the savings is not currently budgeted. There are currently 60 bridges that will be re-defined as smaller structures pursuant to the article. Expected savings include \$26,000 for each load rating and \$7,000 for each inspection, relating to the 60 bridges being redefined. The frequency of these events varies for each structure, ranging from less than a year, to every ten years. A Serviceability Inspection, which is a Department-defined inspection process for smaller structures, will further lower costs, as opposed to a standard bridge inspection.

Rhode Island Veterans Memorial Cemetery

Historically, for a member of the National Guard to be considered eligible for burial in an officially designated veterans cemetery an individual would have to have served active-duty or in the reserves for at least 20 years and have to have been honorably-discharged. These requirements were codified in both federal and Rhode Island law. In March 2022, the federal Burial Equity for Guards and Reserve Act was enacted allowing National Guard members killed in the line of duty or honorably discharged after 6.0 years of service (either active duty or reserves) to be eligible for burial in an official veteran’s cemetery. Section 4 of Article 3 conforms Rhode Island law with the federal Burial Equity for Guards and Reserve Act.

To accommodate operational costs associated with the Burial Equity for Guards and Reserve Act, the FY2024 Budget includes an increase of \$344,330. The Department of Veterans Affairs will not provide federal funding or reimbursements for the costs accrued as a result of increased interments.

Salaries of Cabinet Directors

Article 3 amends RIGL 36-4-16.4 regarding the annual public hearing to determine the salaries of the executive branch directors to include the Secretaries of Executive Office of Health and Human Services, Commerce, and Housing.

The Article 3 change is intended to help the State attract and retain new Cabinet Directors. The State has experienced increased turnover in Cabinet positions, especially with members seeking employment in the private sector and other States. The amendment ensures that these positions will receive competitive pay when compared to similar positions within the industry.

Office of Management and Budget

Section 5 of the article amends RIGL 35-1.1-3 to expand the responsibilities of the Director of the Office of Management and Budget to conduct reviews, evaluations, and assessments on process efficiency, effectiveness, and program performance on executive branch agencies; and amends RIGL 35-1.1-9 to require executive branch agencies to cooperate with the Governor and the OMB to provide analyses and documentation to improve performance within the agencies.

State Budget – Program Performance Measurement

Section 6 amends RIGL 35-3-24.1 regarding program performance measurement by requiring state agencies to provide timely reports, records, and analyses relating to state agency programs and operations. The article authorizes the OMB to produce analyses and recommendations to state agencies to improve program performance and states that OMB may take the lead to manage and coordinate interagency collaboration.

According to the OMB current general law gives the Office the authority to manage and collect budget program performance data. The proposed changes in the article would provide OMB the ability to request programmatic and operational data on subjects not directly tied to budget performance measures.

Traditionally, state agencies been cooperative with OMB as it relates to performance management and data requests. However, OMB does not statutorily have the ability to compel an agency to perform analysis on their own data to evaluate efficiency or effectiveness. Also, smaller agencies without a dedicated analytics team may not have the capacity to perform thorough data evaluation. These statutory changes would provide OMB the ability to request data and perform the analysis internally.

Further, the updated language provides OMB greater ability to coordinate interagency analysis projects, as OMB and the Administration work to leverage data sets across agencies to evaluate program impact and effectiveness. The Governor adds \$303,047 in general revenue to fund 2.0 new FTE positions within the Performance Management program to facilitate the enhanced performance analyses as proposed in this section. The Governor provides a total of 4.0 FTE positions in the program with a total personnel cost of \$627,397 in general revenue.

Minority- and Women-Owned Business Enterprises

Section 7 amends RIGL 37-14.1-6 regarding minority business enterprise participation in state-awarded procurement and construction projects. The Governor recommends increasing the rate of participation from 10.0 percent to 15.0 percent and requires that the participation be evenly split between minority-owned business enterprises (7.5 percent) and women-owned business enterprises (7.5 percent).

RIGL 37-14.1-8 authorizes the Director of the Department of Administration, or as delegated to the Director of the Department of Transportation, to impose sanctions upon contractors not in compliance with MBE/WBE participation. The sanctions include, but are not be limited to suspension of payments, termination of the contract, recovery by the state of ten percent of the contract award price as liquidated damages, and denial of right to participate in future projects for up to three years.

According to the Division of Equity, Diversity, and Inclusion (DEDI), prior to the 2021 Disparity Study, the MBE Compliance Office did not issue sanctions against any vendor for non-compliance based on a 1989 U.S. Supreme Court case that held that all race-based state and local government programs must demonstrate that they serve a “compelling state interest” and are “narrowly tailored” to advance that interest (*City of Richmond v. J.A. Croson Co.*, 488 U.S. 469). The means to determining the constitutionality of such a race-based programs is through the completion of a disparity study (predicate study). Prior to the State’s recent contract with Mason Tillman Associates, Ltd., the State of Rhode Island had never conducted a comprehensive and legally defensible disparity study. As a result, it has long been the determination of the Legal Services Division that the State’s existing MBE statute and program would not meet constitutional or legal challenges in the absence of a current, valid disparity study. Since the disparity study, DEDI is currently in the process of sanctioning one contractor for non-compliance. The following table illustrates

data on MBE/WBE awards as stated in the 2021 Disparity Study and updated by the Division of Equity, Diversity, and Inclusion.

Analyst Note: According to DEDI, the 2021 Disparity Study noted that the State did not capture subcontractor data or track subcontractor and/or supplier payments and therefore used the term “projected” instead of “actual” because the study vendor noted that they did not have the necessary statistical data to establish actual subcontractor payments.

	Total \$		Projected \$			Total	
	Awarded to	Projected \$		Projected \$	Total %	Total	
	MBE/WBE	Awarded to	% of MBE	Awarded to	% of WBE	Value of	
	Firms	MBE Firms	Utilization	WBE Firms	Utilization	Awards	
FY2014	\$36.2	\$20.4	2.43%	\$15.8	1.88%	4.31%	\$839.9
FY2015	34.3	18.3	2.17%	16.0	1.90%	4.07%	842.75
FY2016	54.2	25.1	2.93%	29.2	3.41%	6.34%	856.24
FY2017	50.6	26.9	4.10%	23.7	3.61%	7.71%	656.29
FY2018	103.7	50.2	7.11%	53.5	7.58%	14.69%	705.92
FY2019	104.9	52.0	6.49%	52.9	6.60%	13.09%	801.13
FY2020	78.7	43.6	4.36%	35.1	3.51%	7.86%	1,001.10
FY2021	17.2	13.3	5.90%	3.9	1.73%	7.63%	225.30

\$ in millions

Source: RI Disparity Study 2021 - Mason Tillman Associates Ltd. 2014 - 2019 and DEDI 2020-2021

Meal Reimbursements for Trainee Troopers

Rhode Island law currently requires individuals enrolled in the State Police and Municipal Training Academies to reimburse the State for the cost of meals consumed while attending. Rhode Island is the only state in New England that requires this reimbursement, and the Department of Public Safety believes rescinding it will allow for the recruitment of a stronger candidate pool. The Budget accounts for this change in Article 3, which would result in an \$88,800 loss in general revenue from State Trooper Trainees. Of note, the article strikes the meal reimbursement requirement for both State Police and Municipal Police trainees; however, according to the Department, municipal police trainees are not currently reimbursing the State so there is no fiscal impact associated with that portion of the amendment.

Community Confinement

Currently, the State requires all individuals serving life sentences without parole who are confined to a medical facility to be monitored in-person by a correctional officer. The article rescinds the requirement and creates an exception for individuals incapacitated, either physically, mentally, or otherwise, in such a way that the presence of a correctional officer does not provide additional safety risks to the public or to the personnel at the medical facility. At the discretion of the Director of the Department of Corrections, such individuals would be subject to electronic surveillance or monitoring.

Additionally, if the medical condition of the individual were to improve in a way that in-person monitoring enhanced the safety of the medical facility or the public, the individual would return to in-person monitoring.

In FY2023, there is currently one incarcerated individual that the article’s recommendation applies to.

The Department estimates that this provision will create \$488,545 in general revenue savings. This is calculated assuming a \$55.77 hourly overtime wage for a correctional officer with FICA included. This wage is currently being paid 24 hours a day, 365 days a year, and results in a daily cost of \$1,338.48 and an annual cost of \$488,545.

Rhode Island Longitudinal Data System Act (RILDS)

The article establishes the Rhode Island Longitudinal Data System Act (RILDS) within the Office of the Postsecondary Commissioner. The RILDS, previously known as the RI Data HUB, was built, maintained, and operated by DataSpark at URI. It centralizes more than 50 previously isolated datasets from eleven sources over three decades and has been used by DataSpark to inform policy and resource allocation, improve student learning and outcomes, promote workforce and economic development, and address equity issues. Currently, the data system consists of more than 50 data sets from early childhood through secondary education and into the workforce. Modern systems, such as the Kentucky Center for Statistics (KYSTATS), also integrate health and human services data, information about the environment, justice, and transportation. The intent of the article is to formalize the RILDS and provide for possible expansion into areas that support the State’s priorities, inform policymaking, and support program evaluation.

The proposal shifts 4.0 Sponsored Research FTE positions from URI to the Office of the Postsecondary Commissioner and adds 3.0 additional FTE positions to support the RILDS. The Budget provides \$575,000 in general revenue in FY2024 to support the salaries and benefits of positions that will not be covered by federal grants.

The article establishes the RILDS, for budgetary purposes, with the Office of the Postsecondary Commissioner and establishes a Governing Board comprised of the following:

- An at-large member appointed by the Governor and serving as co-chair;
- The Director of any participating agencies, or a designee;
- The Director of the Office of Management and Budget (OMB), or designee;
- The Chief Information Officer of the Division of Information Technology (DOIT), or designee; and,
- The Director of the RILDS Center.

The Governing Board will have two co-chairs. The at-large member, appointed by the Governor, will be responsible for overseeing and directing the policy duties and responsibilities of the Board. The Commissioner of Postsecondary Education will serve as the second co-chair and be responsible for overseeing, supervising, and directing the operational duties of the Center and its personnel. A “participating agency” includes the Rhode Island Department of Education, the Office of the Postsecondary Education, the Rhode Island Department of Labor and Training, and any agency that executes a memorandum of understanding for recurring participation in RILDS.

The powers of the Governing Board include:

- Approval of policies regarding the management of data requests
- Approval of policies regarding the publication of reports and other information
- Approval of standards for the security, privacy, access to, and confidentiality of data
- Other functions as necessary to ensure the successful continuation, management, and expansion of the RILDS
- Establish a data governance committee to work with the Center on an ongoing basis to approve data requests and other responsibilities
- Oversee and collaborate with the data governance committee and the center to manage and operate the RILDS

The article allows for the creation of a data request fee policy and establishes a restricted receipt account, entitled “longitudinal data system-non-federal grants”, for the “express purpose of recording receipts and expenditures of the program. The Budget includes three accounts for this program totaling \$1.1 million, including general revenue (\$575,000), federal funds (\$466,125), and restricted receipts (\$64,000).

The article will institutionalize the RILDS and, since the technical and legal infrastructure is already in place within DataSpark, Rhode Island will be able to quickly implement a competitive data system. In addition, the state funds may be used to leverage federal grants funding to expand the system.

Historically, DataSpark has been supported through federal grants from the United States Department of Education and the Rhode Island Department of Labor and Training; however, the current federal grant supporting DataSpark is expiring. Due to decreasing support over the last three years, the team has been reduced from eleven to four FTE positions. Without sustainable support, the RILDS will cease operations in FY2025.

Underground Storage Tank Advisory Board

The article repeals the Underground Storage Tank Advisory Board. According to the Department of Environmental Management (DEM), the Board is largely defunct. The Board does not currently have any members and hasn't held any meetings since 2016 when legislation was passed changing the Board from a board of review to an advisory body, and transferred the Board's authority over funding to DEM. Since the Board has been vacant and inactive for years, there is no impact on current activities or expenditures.

Article 4: Relating to Taxes

This article modifies certain tax credits and exemptions, including the following:

- **Public Service Corporation Tax Changes:** Provides utility customers relief on their bills for the period of December 2023 to March 2024 by suspending the Public Service Corporation Tax for electricity and gas during that time.
- **Tangible Tax Changes:** Provides for a new state aid program that reimburses municipalities the foregone revenue associated with a new statewide tangible property tax exemption.
- **Earned Income Tax Credit Changes:** Increases the State’s earned income tax credit (EITC) from 15.0 percent of the federal credit amount to 16.0 percent, beginning in Tax Year 2024.
- **Repeal of Litter Control Permits:** Repeals those sections of the Taxation of Beverage Containers, Hard-to-Dispose Material, and Litter Control Participation Permittee Act pertaining to the litter control permit.
- **Scholarship Tax Credit Changes:** Increases the program cap on the State’s contribution to scholarship organizations tax credit from \$1.5 million annually to \$1.6 million.

FISCAL IMPACT

The fiscal impact of Article 4’s changes are summarized in the following table. For greater detail see below in the analysis and background section.

Initiative	FY2024		FY2025	
	Revenues	Expenditures	Revenues	Expenditures
PSCT Changes	(\$35.6)	-	-	-
Tangible Tax Exemption Changes	-	-	-	25.5
EITC Changes	(1.1)	-	(2.3)	-
Repeal of Litter Control Permits	(0.8)	-	(0.8)	-
Scholarship Tax Credit Changes	(0.1)	-	(0.1)	-
Total	(\$37.6)	-	(\$3.2)	\$25.5

\$ in millions

ANALYSIS AND BACKGROUND

Public Service Corporations Tax Changes

Background: A public service corporation (PSC), also known as a public utility company is a corporation or other non-governmental business entity which delivers certain services considered essential to the public interest. Examples include utility companies such as natural gas, pipeline, electricity, water supply, sewer, and telecommunication companies. They also include services such as transportation of passengers or property as a common carrier, such as airlines, railroads, trucking, bus, and taxicab companies.

In Rhode Island public service corporations are required to pay an annual tax based on their gross earnings or a minimum of \$100, whichever is greater. The tax rate varies by utility and are summarized in the following table:

Activity	Rate
Steamboat/Ferryboat	1.25%
Gas	3.00%
Electric	4.00%
Telegraph	4.00%
Telecommunications	5.00%
Cable (Public Service)	8.00%

PSC’s remit estimated tax payments quarterly in equal amounts. Refunds or additional payments are made after true liability is determined at the end of the tax year. All payments are deposited as general revenues.

The consensus May 2023 estimates for public service corporations tax (PSCT) revenue are \$99.2 million and \$100.9 million in FY2023 and FY2024, respectfully. Revenue from the PSCT from electric utility companies averaged \$51.1 million from FY2020 to FY2022, and \$15.8 million from natural gas utilities for the same period. Electric utility PSCT revenue averaged 52.1 percent of total PSCT collections for the same three-year period and gas PSCT revenue averaged 16.4 percent.

Article 4 Changes: The PSCT modifications included in Article 4 are intended to provide residential and commercial utility customers with savings on their natural gas and electric bills during the current winter. The savings is accomplished through customer credit and utility rebate mechanism provided for within the article.

- **Eligibility and Period:** Article 4 authorizes the PSCT modification program for the four months beginning December 2023 through March 2024. Eligible customers must be individuals or businesses who purchase electricity and/or natural gas from a public utility company during the authorized months. Similarly, a utility company that may be eligible for a rebate under the program must meet the definitions of both public service company and corporation according to State statute and has sold natural gas and/or electricity to utility customers during the authorized period. The provisions of the article are effective upon passage.
- **Credits and Rebates:** Because the PSCT is collected through a quarterly estimated payment structure, a credit and rebate mechanism is used to provide end savings to the customers. Under the article the mechanism:
 - Requires that an eligible utility company continue to make estimated PSCT payments according to the current law payment schedule during the period of the program.
 - Provides for a rebate payment to be made to eligible utility companies in the amount equal to the PSCT due that would be charged to customers for the authorized period.
 - Requires that eligible utility companies not charge customers the tax, but rather show on customers' bills the amount of what the tax would be based on their utility usage accompanied by a credit equal to that amount.
 - Provides that Taxation must determine the amount of potential rebates and that utility companies must apply to Taxation to receive the rebate. Taxation must develop the formal process and application by May 31, 2024. Rebates will be paid directly to utility companies by Taxation. Rebates cannot be considered offsets or receipts for tax liability calculations.
- **Fraud Provisions:** Article 4 also establishes a \$10 penalty per registered active account against any utility company that submits a fraudulent application or fails to otherwise comply with rules of the program. Rebates received fraudulently must be paid back to Taxation and refunds must be given to customers who erroneously pay the tax.
- **Impact:** The Budget assumes that the changes to the PSCT included in Article will result in a \$35.6 million revenue reduction in FY2024. This is based on an Office of Revenue Analysis estimate for the Governor's original FY2023 Supplemental Budget proposal that had the utility bill relief occurring retroactively to December 2022 through March 2023. The following table shows the estimate by utility component.

Utility	FY2024
Natural Gas	(\$10.1)
Electricity	(25.5)
Total	(\$35.6)

\$ in millions

The following table summarizes the estimated savings impact of the program by residential and commercial utility customers.

Customer Type	Customers	Savings	Avg. Savings	
			Total	Monthly
Commercial - NG	24,984	\$2,625,553	\$105.09	\$26.27
Residential - NG	247,735	\$7,523,389	\$30.37	\$7.59
Natural Gas Subtotal	272,719	\$10,148,942		
Commercial - Elec	62,207	\$14,699,321	\$236.30	\$59.07
Residential - Elec	445,366	\$10,791,215	\$24.23	\$6.06
Electricity Subtotal	507,573	\$25,490,536		
Commercial	87,191	\$17,334,872		
Residential	693,101	\$18,304,605		
Total	780,292	\$35,639,477		

Tangible Tax Changes

Article 4 provides for a new state aid program that reimburses municipalities the foregone revenue associated with a new statewide tangible property tax exemption.

Background: Tangible personal property (TPP) comprises property that can be moved or touched, and commonly includes items such as business equipment and furniture. It is one of four classifications of property that typically are taxed by municipalities, the others being residential real estate, commercial/industrial, and motor vehicles. The latter has been completely phased out in Rhode Island as of FY203. There are 42 states that permit the taxing of tangible property of businesses at the local level. The total tangible tax levy in Rhode Island for FY2023 is \$216.7 million, with an average of \$5.6 million per municipality.

Administering and complying with tangible property taxes differs other types of property taxation. Tangible property value is typically self-reported by the tax payer and must consider the depreciation of property over time. According to the Rhode Island League of Cities and Towns, tangible property taxes place significant compliance burdens on both small businesses and the municipalities that collect them. A large portion the tangible tax levy is paid by utility companies that have a tremendous amount infrastructure subject to the tax.

Article 4 Changes: Section 1 of the article makes the following changes:

- **Exemption:** Exempts the first \$50,000 in tangible property value from the TPP statewide, as of the assessment date of December 31, 2023. The exemption does not apply to public service corporations or certain renewable energy resources and associated equipment. All ratable tangible personal property valued above \$50,000 remains taxable. The change is estimated to positively impact 30,152 business, or 75.0 percent of taxpayers.

Municipality	FY2023 Statewide Tangible Tax Levy Current Law*			Article 4 Impact^		
	Rate/\$1K	Total Tangible Tax Levy	Total Municipal Levy	Tangible % of Total	Taxpayers Exempted	Foregone Revenue due to Exemption
Barrington	\$19.65	\$902,493	\$66,865,925	1.3%	480	\$123,909
Bristol	13.00	672,417	46,858,304	1.4%	599	160,655
Burrillville	13.91	2,555,273	30,737,271	8.3%	271	81,666
Central Falls	38.33	1,066,079	15,183,661	7.0%	371	347,340
Charlestown	8.17	190,433	23,074,917	0.8%	247	23,156
Coventry	19.57	2,150,218	75,971,336	2.8%	725	287,830
Cranston	27.77	10,280,951	183,576,692	5.6%	1,970	1,496,217
Cumberland	29.98	6,031,653	68,563,584	8.8%	705	521,248
East Greenwich	31.77	2,847,929	59,885,192	4.8%	477	379,417
East Providence	56.33	16,145,380	113,585,483	14.2%	660	1,602,590
Exeter	13.94	378,422	13,952,547	2.7%	188	74,149
Foster	30.15	380,541	13,429,759	2.8%	352	97,303
Glocester	37.38	1,724,575	24,130,106	7.1%	472	241,379
Hopkinton	18.53	869,990	19,453,162	4.5%	672	204,439
Jamestown	6.79	117,021	22,722,221	0.5%	191	25,988
Johnston	64.34	11,767,764	72,855,936	16.2%	1,773	1,606,186
Lincoln	30.00	5,443,873	57,196,227	9.5%	889	668,199
Little Compton	9.80	118,198	13,188,939	0.9%	208	61,939
Middletown	17.85	1,838,276	49,197,108	3.7%	224	269,350
Narragansett	12.14	1,351,834	55,984,526	2.4%	40	68,757
New Shoreham	7.08	107,014	12,002,438	0.9%	178	15,730
Newport	14.41	2,104,251	82,949,013	2.5%	1,611	309,335
North Kingstown	17.50	3,842,146	84,522,399	4.5%	1,010	396,467
North Providence	64.78	6,506,288	67,215,462	9.7%	794	970,173
North Smithfield	42.62	6,411,330	34,560,505	18.6%	432	439,438
Pawtucket	52.09	9,015,188	103,491,223	8.7%	1,360	1,265,360
Portsmouth	15.65	2,201,438	59,662,963	3.7%	641	209,866
Providence	53.40	66,794,019	370,899,524	18.0%	3,499	6,010,215
Richmond	20.58	585,492	20,364,735	2.9%	348	132,020
Scituate	34.88	1,041,076	32,369,404	3.2%	275	169,556
Smithfield	59.74	8,831,476	58,247,230	15.2%	807	1,196,593
South Kingstown	10.95	1,191,449	74,934,701	1.6%	1,095	325,769
Tiverton	14.63	1,025,813	40,460,760	2.5%	527	179,413
Warren	18.01	713,126	25,268,227	2.8%	498	173,096
Warwick	37.46	22,200,885	226,362,002	9.8%	2,513	3,053,956
West Greenwich	34.80	1,681,847	20,549,079	8.2%	184	163,799
West Warwick	46.26	8,208,136	67,160,338	12.2%	728	761,038
Westerly	11.52	1,567,276	75,757,128	2.1%	1,841	463,654
Woonsocket	46.58	5,823,231	52,223,352	11.2%	797	934,460
Total		\$216,684,801	\$2,535,413,379	8.5%	30,152	\$25,511,157
Average	\$28.27	\$5,556,021	\$65,010,599			

*Based on the December 31, 2021 Assessment Date

^ Estimate based on December 31, 2020 assessment date.

Source: Division of Municipal Finance

- **New State Aid Program:** Establishes a state aid program within the Department of Revenue’s Division of Municipal Finance (DMF) for the purpose of reimbursing municipalities the amount of forgone revenue related to the new exemption.
 - **Reimbursement:** DMF will reimburse municipalities 100.0 percent of the revenue foregone due to the exemption that would have been collected for FY2025. No adjustments are made to this baseline in future fiscal years. Reimbursement payments are to be made by September 30th of each year. Reimbursements will not be made until a municipality or fire district has provided DMF with its certified tax roll and any other required information.
 - **Existing Exemptions:** Existing tangible property tax exemptions established by municipalities and fire districts are disregarded for the purpose of reimbursement (if they were not the state aid reimbursement amount would include the revenue loss resulting from such pre-existing exemptions).
 - **Cap:** Tangible personal property tax rates would be capped at the rate in effect in the tax year ending December 31, 2022.
 - **Other Limitations:** Tangible tax rates would be disregarded for purposes of compliance with limitations on the extent to which the effective tax rate of one class of property may exceed that of another and for requirements that the same percentage rate change be applied across property classes from one year to the next.
- **Related Article 1 Changes:** The Budget provides \$28.0 million in general revenue within the Department of Revenue in FY2024 for the new state aid program with the provision that any unused funds be subject to automatic reappropriation to the following fiscal year (This provision ensures that funds available now are reserved for FY2025, when the program’s first impact will occur).

Earned Income Tax Credit Changes

Federal EITC: The Internal Revenue Service (IRS) provides working people with low and moderate incomes a credit against their income taxes. To qualify, a taxpayer must have worked and earned income less than \$59,187. The specific income thresholds for Tax Year 2023 are shown in the following table:

Status	Children			
	0	1	2	3+
Single	\$16,480	\$43,492	\$49,399	\$53,057
Married	22,610	49,622	55,529	59,187

The credit is refundable for low- and moderate-income working individuals whereby the credit can go beyond reducing an individual’s tax liability to zero to producing a credit that is greater than the amount of tax owed, thus representing a cash payment to the filer. It is designed to work in tandem with other cash transfer programs to encourage employment among low-income families. As income rises, cash benefits decrease and the EITC transfer increases as an offset, and in essence, replaces cash benefits and thus encourages employment. According to the Office of Revenue Analysis, the EITC was claimed by an average of 82,593 taxpayers for the Tax Years 2019-2023. According to the IRS, the average credit in 2022 in Rhode Island was \$1,857.

Calendar Year	Taxpayers	Amount
2018	\$85,370	\$27,999,132
2019	86,421	27,903,645
2020	76,926	22,917,692
2021*	80,282	31,682,097
2022*	83,822	25,194,658
2023*	85,515	25,814,570

* ORA Estimates

Rhode Island EITC: There are 32 states that provide a supplemental credit to the federal EITC, including Rhode Island. The State provides taxpayers with a credit equal to 15.0 percent of their federal earned income credit, with the excess Rhode Island credit amount fully refundable. If the average federal EITC for Rhode Islanders is \$1,857, then the average Rhode Island State EITC would be $\$1,857 \times 0.15$, or \$279.

Article 4 Changes: Section 3 of Article 4 increases the State’s earned income tax credit (EITC) from 15.0 percent of the federal credit amount to 16.0 percent, beginning in Tax Year 2024. The change would mean additional \$19 in Rhode Island EITC for the state average federal EITC of \$1,857, raising the total state credit to \$297. The Office of Revenue Analysis estimates that the changes in this section will result in \$1.1 million loss of revenue in FY2024 and grows to \$2.3 million in FY2025.

Repeal of Litter Control Permits

Article 4 repeals various sections of the Taxation of Beverage Containers, Hard-to-Dispose Material, and Litter Control Participation Permittee Act pertaining to the litter control permit, including applicable fees and penalties.

Fiscal Impact: The OMB indicates that the repeal of the litter control permit requirements will result in an \$815,564 reduction in annual revenue, beginning in FY2024 and based on effective upon passage date. As noted above the Office of Waste Management’s FY2024 recommended appropriation is \$473,634.

Background: Nearly 40 years ago the General Assembly established a complex set of programs designed to reduce litter and encourage recycling in Rhode Island. The intent of the Taxation of Beverage Containers, Hard-to-Dispose Material, and Litter Control Participation Permittee Act (RIGL 44-44) of 1984 was to establish litter control and recycling programs and to provide dedicated funding for litter reduction and cleanup, recycling, and processing of hard-to-dispose material programs administered by the Department of Environmental Management (DEM). The funding mechanism and procedures authorized by the act include:

- **Tax Provisions:** The act established an \$0.04 per case excise tax on beverage wholesalers and a tiered hard-to-dispose of material tax that is dependent upon the type of material. In 2019, the General Assembly doubled the per case excise tax to \$0.08, expanded the types of beverages subjected to the tax, and increased the hard-to-dispose of materials tax rates.
- **Permit Provisions:** The act also established a “litter control participation permit”, also referred to as the litter control tax.
 - **Permittee and Qualifying Activity:** Under current law, every person selling or offering for retail sale food or beverages for immediate consumption and/or packaged for sale on a takeout or to go basis regardless of whether or not the items are subsequently actually eaten on or off the vendor’s premises (statute defines this as “qualifying activity”) must annually apply for a litter control participation permit for each place of business.
 - **Permit Class and Fees:** The permit is issued by the Division of Taxation and the applicant must pay a fee for it according to the following schedule.

For an applicant with prior year gross receipts of ...	Permit Class	Fee
\$0 to less than \$50,000	A	\$25
\$50,000 to less than \$100,000	B	\$35
\$100,000 to less than \$400,000	C	\$75
\$400,000 to less than \$1,000,000	D	\$100
\$1,000,000 or more*	E	\$125 Per Million or fraction thereof
Vending Machine Sales	V	\$25 per Vending Machine

* The fee for the Class E Permit is capped at \$1,000.

The permit must be renewable every year, with application and payment due by August 1st each year, renewing the permit for the Calendar year beginning the following January 1st.

- **Penalties:** Anyone engaging in the qualifying activities without the proper permit is guilty of a misdemeanor and must pay a fine of no more than \$1,000, and/or be imprisoned for not more than a year.
- **Revenue:** All money received from fees and taxes pursuant to the act are deposited as general revenue.
- **Litter Reduction Program Provisions:** The Taxation of Beverage Containers, Hard-to-Dispose Material, and Litter Control Participation Permittee Act stated purpose is to “accomplish litter control and establish community recycling programs throughout the state by authorizing DEM to conduct a permanent and continuous program to remove litter, recover and recycle waste materials related to litter, encourage private recycling, and increase awareness of the need for recycling and litter control (RIGL 37-15). The act formally prohibits littering, establishes penalties, outlines enforcement, and outlines DEM’s role in developing and administering programs. The statute indicates that DEM must allocate and distribute money from the “litter control appropriation” through a grant/transfer programs for litter cleanup, expanding recycling centers, enforcement, provision of litter receptacles and other cleanup materials, organizing educational campaigns, and tracking litter data.

Analyst Note: The provisions outlined above appear to indicate that litter control has had dedicated funding (called the litter control appropriation in RIGL 37-15) sourced by collections from the tax and permit fees as provided for in RIGL 44-44). However, the provisions also require that these same funds be deposited in general revenue. The Governor’s recommends \$473,634 in FY2024 DEM’s Office of Waste Management, which oversees litter programming. The Office of Management and Budget estimates litter permits will generate \$815,604 in FY2024

Article 4 Changes: Article 4 repeals those sections of the Taxation of Beverage Containers, Hard-to-Dispose Material, and Litter Control Participation Permittee Act pertaining to the litter control permit. Specifically, the article:

- Repeals the definitions for Class A, B, C, D, and E permits; gross receipts (for purposes under the act); prior calendar year, and qualifying activities.
- Repeals all statutory references to “litter control participation permittee” and “permit application”.
- Repeals all permit provisions as described above, including fee amounts, penalties, and procedural provisions.

Scholarship Tax Credit Changes

The State offers a tax credit for businesses that contribute to scholarship organizations for non-public K-12 schools in Rhode Island. Contributors may claim a 75.0 percent credit for donations for a one-year contribution, and up to 90.0 percent in cases where the contribution is made in two consecutive fiscal years. The credits are capped at \$100,000 per business, per fiscal year, and \$1.5 million statewide in any given fiscal year. The Division of Taxation issues tax credit certificates to qualifying companies. The credit may

be applied against personal income and business taxes. The following table shows the historical and estimated activity associated with the credit.

Calendar Year	Business Corporations		Personal Income		Banks		Insurance	
	Taxpayers	Amount	Taxpayers	Amount	Taxpayers	Amount	Taxpayers	Amount
2018	-	-	59	\$1,087,222	-	-	-	-
2019	-	-	53	956,511	-	-	<10	90,000
2020	-	-	62	992,255	-	-	<10	90,000
2021	-	-	58	1,011,996	-	-	3	60,000
2022*	-	-	58	1,011,996	-	-	3	60,000
2023*	-	-	58	1,011,996	-	-	3	60,000

* ORA Estimates

An eligible scholarship organization must be exempt from federal taxation under §501(c)(3) of the internal revenue code, and allocate at least 90.0 percent of its annual revenue through a scholarship program for tuition assistance grants to eligible students to allow them to attend any qualified school of their parents' choice represented by the scholarship organization. Eligible students must attend a qualified school and be a member of a household with total income not exceeding 250.0 percent of the federal poverty guidelines.

Article 4 Changes: Section 8 of the article increases the program cap on the State's contribution to scholarship organizations tax credit from \$1.5 million annually to \$1.6 million. The increase would result in a \$100,000 loss in FY2024.

Article 5: Relating to Energy and the Environment

This article modifies laws governing the state energy efficiency and renewable energy fund programs.

FISCAL IMPACT

This article requires, for fiscal year 2023 only, the Office of Energy Resources to transfer \$3.0 million from Regional Greenhouse Gas Initiative (RGGI) unallocated auction proceeds to the Executive Climate Change Coordinating Council (EC4) restricted receipt account. The article also requires future transfers, commencing January 1, 2024, of up to \$1.5 million per year in restricted receipts from Regional Greenhouse Gas Initiative (RGGI) auction proceeds to the Executive Climate Change Coordinating Council.

ANALYSIS AND BACKGROUND

Regional Greenhouse Gas Initiative Act

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

Section 1 of the article requires, for fiscal year 2023 only, the Office of Energy Resources to transfer \$3.0 million from Regional Greenhouse Gas Initiative (RGGI) unallocated auction proceeds to the Executive Climate Change Coordinating Council (EC4) restricted receipt account, to maintain funding for the existing electric vehicle and electric bicycle incentive programs and to support other projects.

Furthermore, this section provides that commencing January 1, 2024, and thereafter, auction allowance proceeds in excess of \$4.5 million, but limited to \$1.5 million per year, will be transferred to the Office of Energy Resources (OER) for the purpose of funding Executive Climate Change Coordinating Council’s (EC4) climate change related initiatives.

Based on the auction proceeds over the last three years, dedicating auction allowance proceeds in excess of \$4.5 million, but limited to \$1.5 million per year, should, on average, yield \$1.2 million per fiscal year, as evidenced on the following table.

FY	Amount	Description	Threshold	Excess
21	\$2,396,275	RGGI AUCTION 49 AUCTION PROCEEDS	\$4,500,000	-
21	2,603,578	RGGI AUCTION 50 AUCTION PROCEEDS	4,500,000	-
21	5,724,768	RGGI AUCTION 51 AUCTION PROCEEDS	4,500,000	\$1,224,768
21	3,242,778	RGGI AUCTION 52 AUCTION PROCEEDS	4,500,000	-
FY2021				\$1,224,768
22	\$3,620,146	RGGI AUCTION 53 AUCTION PROCEEDS	\$4,500,000	-
22	5,859,256	RGGI AUCTION 54 AUCTION PROCEEDS	4,500,000	\$1,359,256
22	5,032,757	RGGI AUCTION 55 AUCTION PROCEEDS	4,500,000	532,757
22	5,463,937	RGGI AUCTION 56 AUCTION PROCEEDS	4,500,000	963,937
FY2022				\$2,855,950
23	\$5,054,792	RGGI AUCTION 57 AUCTION PROCEEDS	\$4,500,000	\$554,792
23	4,881,902	RGGI AUCTION 58 AUCTION PROCEEDS	4,500,000	381,902
23	4,477,484	RGGI AUCTION 59 AUCTION PROCEEDS	4,500,000	-
FY2023				\$936,694

Source: RIFANs accounting system

Utility Base Rate

Section 2 amends several sections of RIGL 39-2-1.2 regarding the State's energy efficiency fund programs:

- **Energy Efficiency Resources Management Council and Office of Energy Resources:** The article requires the Public Utilities Commission to allocate from the administrative funding amount, which is three percent of the gas and electric demand side-management funds, as follows: not more than 40.0 percent to the Energy Efficiency Resources Management Council, and 60.0 percent to the Office of Energy Resources for administrative costs. The article provides the Office of Energy Resources with exclusive authority to direct the use of its funds.
- **Administration of Demand-Side Management Programs:** Requires the Office of Energy Resources (OER) in coordination with the Energy Efficiency and Resource Management Council (EERMC), and in consultation with the Division of Public Utilities and the Public Utilities Commission (PUC), to issue a request for proposal for the cost-effective administration and implementation of the gas and electric energy efficiency program no later than September 30, 2023. The draft request for proposal shall be reviewed publicly through a technical session at the PUC but shall not require PUC approval. The electric and/or gas company is not prohibited from submitting a bid.

If after the evaluation of bids, the OER, in consultation with the EERMC, determines that the use of a third-party administrator is likely to achieve net benefits, OER will file its recommendation to the PUC. If the PUC determines that the recommended third-party administrator is in the interest of ratepayers, the PUC will provide for full cost recovery for the third-party administrator pursuant to terms of the approved contract which may include performance metrics. If the PUC does not recommend a third-party administrator, the gas and electric utility shall continue to administer the state's energy efficiency programs.

After January 1, 2025, OER may issue additional requests for proposals for the administration and implementation of the state's energy efficiency programs.

After June 1, 2024, if the state energy efficiency programs are administered by a third-party administrator, the Public Utilities Commission will direct the electric and gas distribution company to collect and transfer the gas and electric energy efficiency funds to the third-party administrator, and transfer the annual administrative funds to OER and the Energy Efficiency Resources Management Council (EERMC).

The third-party administrator will be required to design and develop the annual state energy efficiency program with OER and EERMC.

2021 Act on Climate

Section 3 establishes a restricted receipt account within the Department of Administration titled Regional Greenhouse Gas Initiative (RGGI) Executive Climate Change Coordinating Council Projects, for the collection of receipts and expenditures allocated pursuant to RIGL 23-82-6(7) regarding RGGI auction allowance proceeds.

Article 6 - Relating to Housing

Article 6 provides for several administrative, policy, and programmatic changes that impact the State's capacity to produce and oversee the development of affordable housing. Specifically, the article:

- Elaborates on the powers and duties of the recently established Department of Housing and its Secretary.
- Establishes a new subsidiary within RIHousing meant to be more “proactive and agile” in supporting the creation of affordable housing.
- Establishes a new tax credit program to incentivize the development of affordable housing.

FISCAL IMPACT

The Budget assumes \$36.7 million of expenditures from all funds in FY2024 related to Article 6 initiatives. This spending is summarized in the following table:

Initiative	General Revenue	Federal	Total
Department of Housing's Personnel, Contract Services, and Operating FY2024 Expenditures	\$4,892,895	\$2,400,300	\$7,293,195
RI Housing Subsidiary	-	1,400,000	1,400,000
LIHTC program	28,000,000	-	28,000,000
Total	\$32,892,895	\$3,800,300	\$36,693,195

ANALYSIS AND BACKGROUND

New Powers and Authority for the Secretary of Housing

Background: The Department of Housing became effective on January 1, 2023. It was established by a series of authorizing statutes enacted by the General Assembly in 2021 and 2022. Prior to 2021, statewide coordination of housing-related planning, policy, and program was decentralized, with pieces of it occurring in several quasi-public agencies and commissions, including a central role of the Executive Office of Commerce (EOC) and its Secretary.

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

Reinforcing this priority in 2022, the General Assembly authorized the creation of a new Department of Housing to be led by a new cabinet-level secretary. The Deputy Secretary position was elevated to the position of Secretary of Housing taking with it all of its previous responsibilities. The Secretary is charged with developing a State Housing Reorganization Plan assessing housing governance and making recommendations regarding the Department of Housing structure and interagency relationships and functions. Beyond this however, the Department did not have much statutorily delineated structure or powers.

Article 6 Changes: The FY2023 Budget as Enacted established the Department of Housing but provided only a cursory outline of its structure, power, and responsibilities. Article 6 elaborates more extensively on the authority of the Secretary of Housing and the Department, providing the agency with powers and duties that are mostly consistent with other cabinet-level directors and departments. The Article specifically empowers the Secretary with the following:

- To purchase, receive, lease, or acquire real or personal property.

Analyst Note: The Governor’s FY2024 Budget recommended that the Secretary have the ability to acquire property through eminent domain. The General Assembly eliminated this authority.

- To accept gifts, grants, or loans of funds or property, financial aid from the federal government, the state, or other agency.
- To negotiate and enter into contracts and agreements that advance the objectives of the Department of Housing.
- To supervise the work of the Department and act as its chief administrative officer.
- To coordinate the administration and financing of departmental divisions.
- To serve as the Governor’s chief advisor, liaison, and contact on housing, homelessness, and community development.
- To coordinate all housing, homelessness, and community development programs of the State of Rhode Island and its departments, agencies, commissions, corporations, and subdivisions (including municipalities).
- To employ staff and contracted services to perform duties and responsibilities of the Secretary.
- To oversee and direct administration of funds appropriated to the Department.
- To promulgate rules and regulation to implement the duties and responsibilities of the Secretary of Housing and the Department of Housing.

Personnel, Contract Services, and Operating: To support the implementation of the above responsibilities, the Budget provides the new Department with \$7.3 million from all funds for personnel, contracted services, and operating costs. These costs are summarized here:

Category	General Revenue	Federal	Total
Personnel	\$4,450,178	\$914,360	\$5,364,538
Contract Services	-	500,000	500,000
Operating Expenses	442,717	985,940	1,428,657
Total	\$4,892,895	\$2,400,300	\$7,293,195

In addition, the Budget authorizes 39.0 FTE positions for the Department of Housing, 21.0 more than the FY2023 enacted level of the Department’s predecessor, the Office of Housing and Community Development (OHCD) within the Executive Office of Commerce. In FY2022 the General Assembly added the Deputy Secretary of Commerce for Housing and in FY2023, 4.0 additional FTE positions were added. The 21.0 new positions in FY2024 include 9.0 analysis-related positions, 5.0 program positions, 4.0 legal and compliance positions, 2.0 public affairs positions, and 1.0 chief of staff.

The Budget also includes \$500,000 in federal American Rescue Plan Act (ARPA) funds for contracted services to pay for consulting services to assist the Department as it transitions from its subsidiary status under EOC to a fully functioning and staffed agency. The Budget provides \$1.4 million for operating costs in FY2024 which consists of approximately \$1.0 million to support the operations of the of the former OHCD related to both federal formula programs and ARPA funded programs. General revenue is also supporting the latter work as well as new lease financing for the Department. The Department is currently housed within the Rhode Island Commerce Corporation’s offices in Providence which are too small to accommodate a fully-staffed agency.

New RIHousing Subsidiary Corporation

Background: The Rhode Island Housing and Mortgage Financing Corporation, more commonly known as RIHousing, is Rhode Island’s official State-chartered housing finance agency. Housing finance agencies

vary from state-to-state, but typically are independent, quasi-public entities that operate under the direction of a board of directors appointed by a state’s governor. They administer a wide range of affordable housing and community development programs, including providing mortgage loans. In Rhode Island RIHousing is also charged with administering affordable housing bonds.

Affordable housing and homelessness policy development and program implementation has historically been decentralized in Rhode Island, occurring in various entities in government including the Executive Office of Commerce, the Housing Resources Commission, and the Office of Housing and Community and Development. RIHousing is oldest and has well-established track record of program implementation. Because of this, RIHousing has been assigned increasing responsibility over the years in responding to evolving housing conditions and crises, with the most recent being charged with primary roles in major rental assistance and affordable housing initiatives in the wake of the pandemic.

RIHousing has broad statutory authority under existing law, including the formation of subsidiary corporations. RIHousing subsidiaries are primarily used to hold property that the agency has foreclosed on, or to function for a specific purpose such as raising funds to promote investment in affordable housing. The current subsidiaries are:

- Rhode Island Housing Development Corporation (occasionally LLCs are established with the Development Corporation as sole general partner on multifamily properties that RIHousing has taken over.)
- Rhode Island Housing Equity Corporation
- Rhode Island Housing Equity Pool II, L.P.
- Rhode Island Housing Equity Pool, L.P.
- RIH Advent Apartments, LLC
- RIH Linwood Court, LLC
- RIH Linwood II, LLC
- RIH Renew, LLC
- University Heights Housing Corporation

Article 6 Changes: The article makes several changes to RIHousing’s authority to establish subsidiary corporations that, ostensibly, enables it to create a type of subsidiary that is more “proactive” in creating affordable housing. These changes include tax and legal protections meant to facilitate this work.

According to the Secretary of Housing a new subsidiary is needed to:

“...serve as a statewide proactive development entity to expand the supply of affordable & special needs housing, advance housing development generally, and engage in activities such as establishing a revolving fund to support proactive development endeavors; conducting feasibility analysis of real property; acquiring and assembling of real property; predevelopment financing; site readiness activities and municipal technical assistance.”¹

Towards this purpose, proviso language in Article 1 of the Budget appropriates \$1.4 million in American Rescue Plan Act State Fiscal Recovery Funds in FY2024 to support the creation, staffing, and initial activities of a proactive development subsidiary of RIHousing.

RIHousing already has very broad statutory authority under current law ([RIGL 42-55](#)), including most of the what the Secretary indicated was needed by forming the new subsidiary. The language in Articles 1

¹ Department of Housing testimony to Senate Finance Committee, May 16, 2023

and 6, in fact, do not specifically expand on the agency's authority, but rather highlight an area of focus as a priority. Article 6 does specifically do the following two things:

- Limits tort liability for RIHousing subsidiary corporations involved in acquiring and developing real estate, including the three-year period to bring an action and a \$100,000 maximum recovery limit per plaintiff.
- Extends the tax exemption status of RIHousing to its subsidiary corporations involved in acquiring and developing real estate.

According to RIHousing these tax and legal changes are helpful given the type of activity the new subsidiary will be involved in. Land assembly, predevelopment activities, construction, potential long-term ownership of real estate and/or housing facilities that may involve brownfields or other environmental remediation needs come with substantial legal risk. Some of these are also outside of what RIHousing traditionally performs. According to RIHousing, the activities are more in line with redevelopment work performed by quasi-public agencies such as the Quonset Development Corporation (QDC) and the article's language mirrors the QDC's authorizing statutes.

Low-Income Housing Tax Credit

Background: The low-income housing tax credit (LIHTC) program is an indirect federal subsidy used to finance the construction and rehabilitation of low-income affordable rental housing. Under normal market conditions affordable housing projects generally do not generate enough profits to secure developer investment and therefore won't take place. The LIHTC attempts to overcome this by providing an incentive for private developers to pursue these projects. The program gives investors a dollar-for-dollar credit reduction in their federal tax liability in exchange for the financing needed to develop affordable housing. The investment subsidizes low-income housing development, allowing some units to rent at below-market rates. In return, investors receive tax credits paid in annual allotments, generally over 10 years. Financed projects must meet low-income eligibility requirements for at least 30 years after project completion, after which the properties may revert to market rates.

The LIHTC is designed to subsidize either 30.0 percent or 70.0 percent of the low-income unit costs in a project. The 30.0 percent subsidy, which is known as the so-called automatic 4.0 percent tax credit, covers new construction that uses additional subsidies or the acquisition cost of existing buildings. The 70.0 percent subsidy, or 9.0 percent tax credit, supports new construction without any additional federal subsidies.

In addition to the U.S. Department of Housing and Urban Development's LIHTC, there are 29 states that have adopted a LIHTC program that offsets state tax liabilities (including Rhode Island with the passage of Article 6) and another five have proposed doing so. Eligibility and credit amounts vary across the programs.

Article 6 Changes: The article establishes a Low-Income Housing Tax Credit program to be administered by the Department of Housing. The program allows the Secretary of Housing to grant up to \$30.0 million in tax credits annually to promote development of affordable, low-income housing. The credit may be claimed up to five years and be used against general business and income tax liabilities related to qualified projects. The credit may also be redeemed at 100.0 percent of its value and can be sold, transferred, or assigned.

Eligibility: A developer may be eligible to receive low-income housing tax credits only if it has an ownership interest in and undertaking a project that is (1) located in Rhode Island, (2) is officially qualified as a low-income housing project under the federal Low-Income Housing Tax Credit program (authorized by Internal Revenue Code §42 – the program requires that the housing development's tenant's income and its gross rents meet specific levels), and (3) has restricted rents.

- **Administration:** The article outlines to varying degrees of detail, the administration of the Low-Income Housing Tax Credit program.

- **Application:** To be considered for a tax credit, a developer has to apply to the Secretary and demonstrate that its project meets the qualifications and criteria of the program.
- **Review and Awards:** The process of awarding the tax credits is to be done competitively, based upon criteria determined by the Secretary. Projects may be awarded low-income housing tax credits regardless if they are also receiving other state incentives or credits. Upon reviewing a successful application, the Secretary issues an “Eligibility Statement” (ES) for the application that certifies that the project qualifies for the program and indicates the annual amount of tax credits allocated to the project. The developer and the Secretary also entered into a Tax Credit Agreement that requires that the project be operated as low-income housing for at least 30 years. This agreement is filed as an affordable housing restriction in the municipality in which the project is located. Lastly, the Secretary issues tax credit certificates in the amount of the determined award.
- **Use of Credits:** Taxpayers may claim credits up to five years and be used against general business and income tax liabilities related to qualified projects. To use the credit, it must be attached to the taxpayer’s filing for the tax year it is being claimed in. In the event the credit amount is greater than the tax liability for the year it is being claimed, the balance may be carried over for five years. The credit may also be redeemed at 100.0 percent of its value and can be sold, transferred, or assigned.
- **Recapture:** The federal LIHTC program includes a recapture provision in the event that the project or a portion of it becomes non-compliant. The article mirrors this provision, by requiring state credit recapture in proportion to the federal amount.
- **Reporting Requirements:** The article imposes several reporting requirements on the Department, including:
 - **Annual Credits Awarded:** The Department is required to report to the Governor, Finance Committee Chairs, and Fiscal Advisors, the amount of low-income housing tax credits that have been approved during the past fiscal year. The report is due annually on November 1st beginning in 2024.
 - **Tax Credit Agreement Summaries:** The Department must provide the Division of Taxation a summary of any tax credit agreements that it enters into with applicants. The summaries must be publicly available on the Division’s website.
 - **Certification:** The Department has 30 days after issuing credits to notify the Division of Taxation and provide copies of all agreements, eligibility statements, and tax credit certificates issued, sold, transferred, or assigned.
- **Fund/Fiscal Impact:** The article establishes a Low-Income Housing Tax Credit restricted receipt fund within the Department of Housing for the purpose of paying for the redemption of credits or reimbursing the state for credits applied to tax liabilities. The program is capped up to \$30.0 million annually; however, there is no per project cap. The Budget includes a \$28.0 million general revenue appropriation for this fund. The article does not explicitly limit the issuance of credits to appropriation levels.
- **Sunset:** The article would authorize the Low-Income Housing Tax Credit program for five (5) years through June 30, 2028.

Article 7: Related to Economic Development

This article establishes, expands or modifies various economic development initiatives within the State, including:

- Establishing a new Rhode Island Life Sciences Hub.
- Reauthorizing the Executive Office of Commerce (EOC) incentive programs for an additional year.
- Raising the total program cap on the Rebuild RI Tax Credit and Sales Tax Exemption program (Rebuild RI).
- Expanding the uses of Main Street Rhode Island Streetscape Improvement Program (Main Street RI) funding to include technical assistance and administrative costs.
- Expanding the Stay Invested in Rhode Island Wavemaker Fellowship (Wavemaker) program to include teachers.
- Modifying the Innovation Initiative incentive program by increasing the maximum voucher awards from \$50,000 to \$75,000.
- Exempting second hand dealers engaged in consignment, thrift, and antique selling and purchasing from licensing and public hearing requirements laid out in the Second-Hand Dealers Act.

FISCAL IMPACT

The Budget includes \$45.0 million in federal State Fiscal Relief Funds for the initiative in FY2024 to capitalize the new Rhode Island Life Sciences Investment Fund established in Section 2 of the Article (22-99.6 “Hub Investment Fund”) for the purposes of making investments, grants, loans, research and other funding in life science initiatives.

The remaining initiatives and amendments in Article 7 have no direct quantifiable impact in terms of expenditures or revenue. The Budget does, however, include additional expenditures that support the existing incentives that are modified by the article. These are summarized in the following table.

Incentive	FY2024 v. FY2023	
	FY2024 Enacted	Enacted
Rebuild RI	\$26.4	\$12.9
First Wave Closing Fund	10.0	10.0
Wavemaker Fellowship	4.0	0.8
Small Business Assistance	2.0	1.4
Air Service Development Fund	2.3	-
I-195 Redevelopment Fund	2.0	2.0
Innovation Initiative	2.0	1.0
Main Streets Revitalization	1.0	(4.0)
P-tech	-	-
Total	\$49.6	\$24.1

\$ in millions

ANALYSIS AND BACKGROUND

As noted above Article 7 establishes a new Life Science Hub and modifies various economic development incentives. These changes are explained in this section.

Rhode Island Life Science Hub

Background: Article 7 defines the life sciences industry as “the fields of medical devices, biomedical technology, medical therapeutic therapies, biogenetics, biomedical engineering, biopharmaceuticals, genomics, biomanufacturing, diagnostics, digital health, and related fields medical (RIGL 23-99-3)

- **Life Sciences Industry in RI:** The industry has repeatedly been identified in Rhode Island’s official economic development strategies as a key potential growth sector. The rationale for this potential is often based on several factors including the State’s geographic location within the New York-Boston metro region, its proximity to the very successful life science sector in Massachusetts, the presence of elite universities and medical facilities, and a robust niche in the marine sciences. According to RI-Bio, the sector’s primary business-facing organization in the State, there are over 600 biotechnology companies and organizations in the Rhode Island, employing over 5,000 workers.

In 2022, two reports were issued that analyzed the sector in Rhode Island and made recommendations on what would be needed to sustain and grow it. The [first \(linked here\)](#), produced by Jones Lang LaSalle IP in January 2022, looked at strengths, weaknesses, and opportunities for the sector, and concluded, among other issues, that the State does not have sufficient lab space to compete and attract researchers and companies. The [second report \(linked here\)](#), authored by Damon Cox, of Mass Challenge, at the request of the Speaker of the House of Representatives, compared Rhode Island’s sector to Massachusetts’ and concluded that an important factor in the latter’s success was the work the Massachusetts Life Sciences Center (MLSC) and that Rhode Island should establish a similar organization here. The MLSC is a quasi-public agency that uses public-private funding initiatives to support innovation, research and development, commercialization, and manufacturing activities in the fields of biopharma, medical device, diagnostics, and digital health. It also funds sector-related economic and workforce development initiatives.

- **ARPA SFRF Initiatives:** In 2022 the General Assembly authorized several bioscience initiatives and appropriated \$5.0 million in federal American Rescue Plan State Fiscal Recovery Funds (ARPA SFRF) in FY2023, with a recommended total of \$30.0 million through FY2026. The initiatives included the build out of shared lab space, site acquisition spending and facility investments, support for small business procurement opportunities, and support for “program administration, strategic planning, and external research, analysis and consultancy.” The authorization and funding for these initiatives were contingent upon the State securing at least \$15.0 million from the United States Economic Development Administration’s (EDA) Build Back Better Challenge.

The State was subsequently unsuccessful in obtaining the EDA grant and the projects and funding did not move forward. In response, the Governor modified the recommendation in FY2024, to include \$45.0 million for wet lab facilities, a Bioscience Fund, and training programs for bioscience workers.

Article 7 Changes: Article 7 refines and amends the Governor’s revised proposal, with significant consideration given to the recommendations identified in the reports noted above, and more specifically the MLSC. The Article establishes a new quasi-public corporate entity of the State for the purposes of coordinating state investment and strategy around the life sciences economic sector. Called the Rhode Island Life Sciences Hub (Hub), the entity will be the central body and coordinating organization of life science initiatives in the Rhode Island.

- **Board of Directors:** The Hub will be governed by a 15-member Board of Directors, 7 of which are to be appointed by the Governor, and the Chair of which shall require advice and consent of the Senate. Ex-officio seats on the board are provided for the Secretary of Commerce, presidents of higher education institutions, hospital executives. Life science business, accounting, and labor representation is also provided for. A Director’s term is for four years.
 - **Procedures:** Eight members constitute a quorum; the Chair must be present for votes on awarding of funds or other investments. Directors can participate in Board meetings remotely. There is no

compensation for Directors. An application review committee is authorized to review proposals that come before the Board.

- **Staff:** The Board, with the advice and consent of the Senate, has the authority to hire a Chief Executive Officer. The Board has the authority to hire staff and the Rhode Island Commerce Corporation is directed to provide administrative support to the Hub through at least its first year.
- **Powers and Responsibilities:** The Hub is authorized to be the central coordinating organization in the State for life science initiatives and to work in collaboration with relevant stakeholders and professionals. It is authorized to perform typical corporate functions and responsibilities relative to rules, regulations, insurance and legal requirements, audits and reporting to the General Assembly. It is authorized to receive funding and issue bonds, and to invest these funds to advance life sciences through grants, loans, and other methods. Notably, it is authorized to enter in venture agreements on behalf of the State.
- **Hub Investment Fund:** The article establishes the Rhode Island Life Sciences Investment Fund within the Hub for the purpose of making investments, grants, loans, research and other funding in life science initiatives. The Budget includes \$45.0 million in federal State Fiscal Recovery Funds for the initiative in FY2024.

Reauthorization of Economic Development Incentive Programs

Background: The General Assembly enacted a suite of economic development incentives in its 2015 session. To ensure its prerogative of overseeing the effectiveness of these incentives, the General Assembly originally authorized them for only two years by establishing a sunset date of December 31, 2018. Since then several incentives have not been reauthorize, but the majority have been extended five times, most recently by the FY2023 Budget as Enacted. The remaining incentive programs are currently set to expire on December 31, 2023.

Article 7 Changes: Article 7 reauthorizes the following incentives through December 31, 2024.

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

Rebuild RI Tax Credit Program Changes

Background: Rebuild RI uses both tax credit and sales tax exemption incentives to promote investment in real estate development for commercial and/or residential use across the State. When the Rebuild RI tax credit program was first established by the General Assembly in 2015, several program limits were instituted to prevent awarded credits from outpacing general revenues and to ensure program performance.

These limits included a \$150.0 million cap on the total amount of credits permitted to be issued and an initial sunset date of December 31, 2018. The limits ensured that the General Assembly had an opportunity to evaluate the effectiveness of the program over time and, based on its analysis, either reauthorize or curtail the program. The issuance of sales tax exemptions however, was not originally capped.

Additional limits have since been placed on the program. In 2019, the General Assembly modified the total program cap by increasing it from \$150.0 million to \$210.0 million. However, the cap now applies to the combined total of tax credits and sales tax exemptions. The program also has a \$15.0 million per-project cap. The General Assembly also modified this cap as it related to the potential Fane Tower project in the I-195 Redevelopment District. In this instance, the project cap was raised to \$25.0 million, including credits and exemptions. The project also does not count against the overall program cap. The sunset date for Rebuild RI has been extended five times, most recently to December 31, 2023.

Commerce has awarded \$159.2 million in Rebuild RI tax credits and \$42.7 million in sales tax exemptions across 54 projects, for a combined total of \$201.9 million, or 96.1 percent of the current \$210.0 million program cap.

Article 7 Changes: Section 2 of Article 7 increases the program cap from \$210.0 million to \$225.0 million and extends the Rebuild RI sunset from December 31, 2023, to December 31, 2024.

Fiscal Impact: There are no direct revenue or expenditure impacts in FY2024 attributable to the changes being made to the Rebuild RI. The Budget includes a \$26.4 million in general revenue appropriation for the incentive program in FY2024.

Wavemaker Program

Background: Established in 2015, the Wavemaker program originally was a competitive student loan reimbursement program for college and university graduates who take employment in science, technology, engineering, and mathematics (STEM) fields in Rhode Island. In 2022 the General Assembly expanded the eligible professions to include healthcare and mental health professionals. The program provides Wavemaker Fellows with refundable personal income tax credits that can be used to offset their annual student loan payments for up to 4 years. The amount of the tax credit depends upon the degree earned by the taxpayer, i.e. \$1,000 for an associate's degree up to \$6,000 for a graduate or post-graduate degree. To offset the general revenue loss resulting from the use of the credits, the General Assembly established a Stay Invested in RI Wavemaker Fellowship Fund and limited the issuance of credits to the amount in the fund. As credits are used, the equivalent amount is transferred out of the program fund to the general fund.

Since its inception the General Assembly has appropriated \$11.6 million in general revenue to the fund and has served approximately 1,049 fellows.

Article 7 Changes: Article 7 expands the Wavemaker program to include teachers. It does this by specifically amending certain provisions including:

- **Healthcare Fund Provisions:** In 2022 the General Assembly extended the program to healthcare and mental health professionals. As part of this legislative change a separate Stay Invested in RI Wavemaker Fellowship Fund was established to fund healthcare and mental health fellows. This fund is distinct from the original fund for STEM professionals. With the expansion of the program to teachers, the Budget consolidates these funds instead of establishing a third fund. Article 7 makes the necessary statutory changes to effectuate the consolidation.
- **Teacher Provisions:** Article 7 extends the program to teachers by modifying the definition of the eligibility requirements, specifically by including teacher within the provision around what type of employment an applicant may have to be eligible. The article charges CommerceRI with developing a definition of teacher for purposes of the program through rules and regulation and in consultation with the Rhode Island Department of Elementary and Secondary Education.

- **Sunset Provisions:** The article also reauthorizes the Wavemaker program for another year by extending the sunset date from December 31, 2023, to December 31, 2024.

Fiscal Impact: The Budget includes \$4.0 million in general revenue in FY2024 for the Stay Invested in RI Wavemaker Fellowship Fund, \$800,000 more than the FY2023 enacted level. This is to support an additional cohort of 100 fellows in FY2024, presumably targeting teacher applicants.

Main Street Rhode Island Streetscape Improvement Program Expansion

Background: Main Street RI program is a fund administered by CommerceRI that is used to provide loans, matching grants, and other forms of financing to municipalities and other organizations to upgrade streetscapes in local business districts. Projects include refurbishing facades, improved lighting, and signage. Recipients are required to provide a 30.0 percent match. Since its inception \$8.0 million has been appropriated to the program of which \$2.8 million has been awarded (the General Assembly appropriated \$5.0 million for FY2023). The program has supported 24 projects across 16 municipalities.

Article 7 Changes: Section 8 of Article 7 adds technical assistance costs to the list of uses for program funds. The section also authorizes Commerce RI to establish by rules and regulations the maximum amount from the fund that may be used for technical assistance. Lastly, this section reauthorizes the program for another year by extending the sunset provision from December 31, 2023, to December 31, 2024.

Fiscal Impact: The Budget keeps the FY2023 Supplemental Budget amount for this program at the enacted level of \$5.0 million and adds another \$1.0 million for FY2024.

Innovation Initiative – Increase in Maximum Awards

Background: The Innovation Initiative program provides financial assistance to small businesses (under 500 employees) and manufacturers for research and development technical assistance. Awards can range from \$5,000 to \$50,000. Vouchers may be used to pay for: research and technological development; product development; commercialization; market development; technology exploration; and improved business practices/strategies that grow business and create operational efficiencies.

A total of 310 companies have received approval from the Commerce Corporation for Innovation Vouchers totaling \$9.0 million.

Article 7 Changes: The article increases the maximum voucher amount from \$50,000 up to \$75,000.

Fiscal Impact: \$13.5 million has been appropriated since 2016 for this program. The Budget includes recommends \$1.0 million in FY2023, consistent with the enacted level, and \$2.0 million in FY2024.

Second Hand Dealers Act

Article 6 includes a proposal that would limit the scope of the “Second Hand Dealers Act”.

Background: Current law allows municipalities to require a second-hand dealers license for businesses involved in resale activities. The license is obtained through application with a fee that is no more than \$100. New businesses interested in obtaining a second-hand dealers license are required to hold a public hearing prior to licensure approval. Once approved, businesses covered under this license must reapply annually to continue in the resale of goods.

Article 7 Change: The proposed change would exempt businesses engaged in the retail sale of second-hand consignment goods, resale goods, thrift goods, and antiques from the Second-Hand Dealers Act. The change does not remove the option to impose this license for junkyards and scrap-yards. Second hand retailers who are exempt from this license will need to go through regular business licensing procedures.

Fiscal Impact: The change may slightly impact municipal revenue as these fees were collected at the municipal level. There will be no fiscal impact at the State level.

Article 8: Relating to Education

This article makes changes to the calculation of education and housing aid, increases the minimum amount of need-based grants for students attending private higher-education institutions by \$300,000 to \$1.8 million, and establishes the Hope Scholarship Pilot program. In addition, the article increases the minimum minority business enterprise (MBE) participation rate required for school construction projects from 10.0 percent of the dollar value of the bid to 15.0 percent.

FISCAL IMPACT

Article 8 Fiscal Impact	
Enrollment Decline	\$19.9
English Learners	14.4
High-Cost Special Education	10.5
Poverty Loss Stabilization	5.5
Hope Scholarship - RIC	4.0
School Housing Maximum Bonus	0.7
Elimination of School Choice Density Aid	(0.5)
Last Dollar (Promise I) Scholarship	0.3
Total	\$54.8

\$ in millions

ANALYSIS AND BACKGROUND

The article makes several changes to the school construction program and the education aid formulas, as well as establishing the Hope Scholarship pilot program at Rhode Island College (RIC) and increasing the amount of need-based scholarships and grants available to qualified students at private institutions in Rhode Island.

School Housing Aid

The article makes the following changes to school construction funding:

- While continuing to cap the total of incentive bonuses available for a project at 20 percentage points, the article removes the cap limiting the increase in a district's state share to one half for projects submitted for reimbursement after July 1, 2023, thereby allowing lower share ratio communities to reach the 20-percentage point cap. This allows minimum share communities to increase their bonus reimbursement from a maximum of 17.5 percentage points to 20.0 percentage points. The Budget includes \$700,000 to fund the estimated cost for FY2024.
- For the temporary share ratio bonus incentives, the article extends the deadline for projects to commence from December 30, 2023 to June 30, 2024, and the completion deadline from December 30, 2028, to June 30, 2029.
- This article increases the minimum minority business enterprise (MBE) participation rate required for school construction projects from 10.0 percent of the dollar value of the bid to 15.0 percent. Article 3 further amends RIGL 37-14.1-6, Minority Business Enterprise participation, to require the 15.0 percent be split evenly providing 7.5 percent for minority-owned businesses owned and controlled by a minority owner and 7.5 percent for minority businesses owned and controlled by a woman. These changes were recommended in the State of Rhode Island Disparity Study on the utilization of available minority- and women-owned businesses in state contracts.

Education Aid

The article makes the following changes to education aid:

- **English Learners:** In addition to increasing the weight for each English learner (EL) from 10.0 percent to 15.0 percent, of the core-instruction amount, in FY2024, the per-pupil weight of \$1,188, reflecting 10.0 percent of the \$11,876 core instruction amount, is increased to \$1,781. This amount is then multiplied by the state share ratio. The article also requires the Department of Elementary and Secondary Education (Department) to recommend a funding solution to meet the needs of EL students. The Department is required to report the number of EL students with a family income at or below 185.0 percent of federal poverty guidelines as part of the annual budget submission. In addition, the article eliminates the pro-rata reduction language for this categorical.
- **Poverty Measure:** The article requires the Department to develop and submit, as part of the FY2026 Budget Request, alternatives to identify students with a family income at or below 185.0 percent of federal poverty guidelines. In the meantime, the article codifies that the poverty status will be determined through participation in the supplemental nutrition assistance program (SNAP) as certified through the Department of Human Services, multiplied by a factor of 1.6. However, the calculation for the share ratio uses two measures, including the SNAP participation, multiplied by a factor of 1.5. While the precise calculation of the share the ratio component is unclear, generally the Title I program applies to schools that have low-income population of at least 40.0 percent.
- **Local Contribution:** The Department is further required to report information regarding each district's local contribution to education aid, compare the local contributions to state foundation aid by community, and report compliance to each school committee and town council, as part of the annual budget request.
- **State Share Ratio:** For districts with a poverty status percent greater than 50.0 percent, if the state quadratic mean share ratio for the district is less than the equalized weighted assessed valuation (EWAV), the EWAV value will be used as the state share ratio. In FY2024, this change increases the effective share ratio for Pawtucket from 77.0 percent to 84.9 percent, West Warwick from 66.8 percent to 74.2 percent, and Central Falls from 86.0 percent to 97.2 percent.
- **Poverty Loss Stabilization Fund:** The article establishes the poverty stabilization fund for districts that experience a state share ratio decrease of more than 2.0 percentage points. The fund will provide such districts 50.0 percent of the difference in education aid from the prior year. The Budget funds this item at \$5.5 million in FY2024.
- **Density Aid:** The article eliminates school choice density aid for districts where 5.0 percent or more of the average daily membership (ADM) are enrolled in a charter or state school.
- **High-Cost Special Education:** For High-Cost Special education, the threshold for reimbursements to districts for instructional and related services provided to a student pursuant to an Individual Education Plan (IEP) is lowered from five times the combined core instruction and student success factor funding to four times the amount, lowering the threshold for reimbursement from \$84,320 to \$67,456 in FY2024.
- **Enrollment Decline:** Districts that experience a reduction in enrollment from the prior fiscal year will receive 40.0 percent of the state aid associated with that decline in the first year, and 25.0 percent of the amount in the next fiscal year. The Budget funds this item at \$19.9 million in FY2024.

Hope Scholarship Pilot Program

In an effort to increase the number of students enrolling and completing four-year degrees and certificates on time, Article 8 establishes the Hope Scholarship Pilot program. The pilot program begins with students who enroll in Rhode Island College (RIC) in the fall of 2023 and students enrolled in RIC as of July 1, 2021, who have attained junior status as of July 1, 2023. Students who enrolled as of July 1, 2022, and have attained junior status at RIC as of July 1, 2024 are also eligible if they are in compliance with the other requirements such as credit attainment and grade point average.

The scholarship will cover the cost of up to two years of tuition and mandatory fees for the junior and senior years of the student, or for adult students who have attained at least 60 credit hours. While the eligibility requirements are very similar to the Promise II Scholarship program at the Community College of Rhode Island, students cannot receive an award under both programs. The Budget includes \$4.0 million in general revenue for this program in FY2024.

The scholarship is modeled after the Rhode Island Promise Scholarship and requires the timely accrual of credit hours and grade point average of 2.5 or greater; however, the Hope Scholarship is available to adult students and allows for the completion of the necessary 60 credit hours over four years, instead of two. While not defined within the statute, RIGL 16-112, adult students are generally 25 years of age and older.

The Article requires annual reporting, as with the Rhode Island Promise Scholarship program, beginning in November 2023. The November reports will project the cost of the program for the current and following fiscal year and be submitted to the Office of Management and Budget, the State Budget Officer, the House Fiscal Advisor, the Senate Fiscal Advisor, the Commissioner of Postsecondary Education, and the Chair of the Council on Postsecondary Education. A report evaluating the program will be submitted annually on or before July 1 to the Governor, the Speaker of the House, and the President of the Senate.

The Council on Postsecondary Education is authorized to promulgate rules and regulations for the program, while RIC will establish appeal procedures for the award, denial, or revocation of scholarship funding. The Hope Scholarship program begins on July 1, 2023, and sunsets on July 1, 2028, unless further action is taken by the General Assembly.

Last Dollar (Promise I) Scholarship Fund

The Article increases the amount of Promise I Scholarship funds available to qualified students attending private universities in Rhode Island by \$300,000 in general revenue, increasing the funding from \$1.5 million to \$1.8 million. The program, established through RIGL 16-56, awards block grants to Rhode Island public and independent non-profit higher education institutions for need-based scholarships, grants, and work opportunities. Eligibility for the program is determined by the Office of the Postsecondary Commissioner (OPC) and the private institutions are required to match the funds.

Article 9: Relating to Human Services

This article modifies current laws governing the Hospital Licensing Fee (HLF); the Rhode Island Works program; Disproportionate Share Hospitals (DSH) payments; person centered, conflict-free case management for recipients living in Long-term Services and Support (LTSS) and Home and Community Based Services (HCBS) care; and, the effective date of the Certified Community Behavior Health Clinics (CCBHCs).

FISCAL IMPACT

Article 9 Fiscal Impact

	General	
	Revenue	All Funds
Increased HLF revenue	\$33.3	\$33.3
DSH payments	(6.6)	(14.7)
Conflict-Free Case Management	(6.5)	(14.4)
CCBH	(7.2)	(22.4)
Cedar Family Centers Rate Increase	(0.6)	(1.2)
Personal Needs Allowance	0.6	1.3
Sherlock Program - Ticket to Work	0.5	1.2
Hode Island Works	0.0	4.3
Net Impact	\$13.5	(\$12.7)

\$ in millions. Total may not add due to rounding

ANALYSIS AND BACKGROUND

Hospital Licensing Fee (HLF)

The federal government allows states to assess taxes on health care provided the taxes are broad-based, uniformly imposed throughout a jurisdiction, and do not violate the hold harmless provisions specified in federal regulation. These taxes include revenue from patient care activity but exclude non-patient enterprises such as research, academic activity, or investment earnings. Rhode Island assesses a number of provider taxes, including a hospital licensing fee (HLF) authorized by RIGL 23-17-38.1. The HLF must be authorized annually. The article amends the HLF to bring the fee into compliance with federal Centers for Medicare and Medicaid Services (CMS) requirements. CMS determined that the current two-tiered HLF, which provided lower rates for Westerly and South County hospitals, did not comply with the broad based, uniformity and hold harmless provisions in the federal regulations, and, if not resolved, would threaten federal matching funds. In order to preserve federal Medicaid support, the State must come into compliance by July 31, 2023.

The proposal would shift to separate inpatient and outpatient hospital license fees, providing a three-tier structure within each class. The total state share raised from each tax will not exceed 6.0 percent of the net patient revenue for each applicable class. The proposed structure is expected to comply with CMS regulations.

The article is based on a proposal from the Hospital Association of Rhode Island (HARI) and Sellers Dorsey, a Medicaid consultant. The objective of the proposal is to bring the State's HLF into compliance, increase Medicaid managed care payments through a new State Directed Payment, and promote access to high-quality healthcare for Medicaid recipients. Since the current program improperly combined net patient service revenues for both inpatient and outpatient hospital services, the new proposal separates the HLF calculation into two distinct tax classes, inpatient and outpatient. Under the proposal, each class would use

a three-tier tax system such that the total state share raised from each tax will not exceed 6.0 percent of the net patient revenue for each applicable class. The percentages are applied to a hospital’s inpatient/outpatient net patient-services revenue for the first hospital fiscal year ending on or after January 1, 2022.

Article 9 Relating to Medical Assistance
Hospital Tax Tiers

	Inpatient	Outpatient	
Tier	Tax Rate	Tax Rate	Hospital Types Included in Tier
I	13.12%	13.30%	Hospitals that do not meet the description of Tiers II or III, including Bradley, Butler, Kent, Newport
II	2.63%	2.66%	<ul style="list-style-type: none"> • Acute care hospitals with high Medicaid/Uninsured costs, including Landmark, OLF, RIH, RWMC, and W&I • Independent Hospitals not part of a multi-hospital system, such as South County Hospital
III	1.31%	1.33%	Medicaid designate "low volume" hospitals, such as Westerly, Rehabilitative Hospitals, and the Rehabilitative Hospital of RI

The proposal reduces the licensing fee from 5.42 percent to 5.25 percent of net patient-services revenue for state-owned and operated hospitals, applied to a hospital’s net patient-services revenue for the first hospital fiscal year ending on or after January 1, 2022.

The current governing regulation, 42 CFR 433.68(f)(3)(a), does not specify that the individual components of a tax model cannot exceed 6.0 percent, only that the revenue generated from the tax may not be greater than 6.0 percent of revenue. Recently, Massachusetts implemented a multi-tiered tax plan with four hospital categories at varying rates. The inpatient rate ranges from 1.1 percent to 14.3 percent.

Approval for the waiver of the federal healthcare tax uniformity requirement was received from the United States Department of Health and Human Services on June 28, 2023. Pursuant to federal regulation, if a state is seeking a waiver of the uniform tax requirement, the state must demonstrate that the proposed tax plan is generally redistributive. 42 CFR 433.68(e)(2)(ii) provides that “If the State demonstrates to the Secretary's satisfaction that the value of B1/B2 is at least 1, CMS will automatically approve the waiver request.”¹ According to HARI, under the current proposed model, the B1/B2 value for inpatient care is 2.85 and for outpatient care is 1.95.

The proposed licensing fee is estimated to generate a total of \$212.4 million across both classes, an increase of \$33.3 million relative to the November 2022 Revenue Estimating Conference estimate of \$179.1 million. This total includes \$2.8 million for the payment of the Eleanor Slater Hospital licensing fee. The increase revenue will continue to contribute toward Rhode Island’s state share for Medicaid, at a level comparable to current levels, and toward payments to hospitals in Rhode Island.

The article requires quarterly payments of the HLF with full payment before June 30, 2024. Furthermore, on or before August 1, 2023, every hospital must submit to the tax administrator a return containing the correct computation of inpatient and outpatient net patient-services revenue for the fiscal year ending in 2022, and the licensing fee due on that amount.

Rhode Island Works Program

The article makes the following changes to the Rhode Island Works program:

Expanding CCAP Eligibility to Child Care Workers: The Budget extends child care to early childhood educators and staff for a duration of one year, August 1, 2023, through July 31, 2024. Eligible participants’ income must be at or below 300.0 percent of the Federal Poverty Level. According to the Department of Health and Human Services (HHS), the average family of three who earns 300.0 percent of the Federal Poverty Level grosses about \$74,580 a year. The program exempts eligible staff and educators from copayments, and may select any childcare facility of their choosing. The amendment also mandates the Department of Human Services (DHS) to compile participant data and outcomes, which will be submitted

¹ 42 CFR defines “B1” as the slope of the linear regression for the State's tax program if it were broad based and uniform, and “B2” as the slope of the linear regression for the State's tax program, as proposed.

no later than November 1, 2024. The Budget includes an additional \$4.0 million in federal funds to support this initiative.

Extending Eligibility to Pregnant Individuals from Onset of Pregnancy: The Budget extends RI Works eligibility to pregnant individuals from the onset of pregnancy. Previously, only individuals who were seven months pregnant could receive benefits, therefore, providing an extra six months of coverage for pregnant individuals. Pregnant individuals must expend a significant portion of their income on necessities such as pre-natal vitamins, clothing, and nutrient dense foods. This initiative better supports Rhode Island's pregnant individuals by ensuring they have the finances to support a healthy lifestyle while pregnant. The Budget includes \$250,000 in federal funds to support this initiative.

Personal Needs Allowance

For individuals living in nursing homes, the article increases the per-month personal needs allowance (PNA) for from \$50 to \$75. The PNA allows nursing home residents to retain more of their personal income. It is intended to cover expenses not provided by the nursing home, such as haircuts, vitamins, clothing, or snacks. The Budget includes \$570,825 in general revenue and \$719,175 in federal funds (\$1.3 million total) to support this increase.

Personal Needs Allowance (February 2023)

State	Amount
Connecticut	\$75.00
New Hampshire	74.00
Massachusetts	72.80
Vermont	72.66
Rhode Island	50.00
Maine	40.00

Disproportionate Share Hospitals (DSH)

The Disproportionate Share Hospitals (DSH) payments are required under federal statute and intended to offset uncompensated care costs for hospitals in order to improve access for Medicaid and uninsured patients, as well as improving the financial stability of safety-net hospitals. The article identifies the DSH aggregate limit for FFY2024 at \$14.8 million and requires payment on or before June 15, 2024, and authorizes the Executive Office of Health and Human Services (EOHHS) to amend the state plan for next year's payment. The Budget includes \$14.7 million for DSH payments in FY2024, including \$6.6 million in general revenue and \$8.1 million in federal funds.

In addition, the base year for calculating the DSH payment is advanced one fiscal year, to allow for the FY2024 payment, and the uncompensated care index is set at 5.38 percent for FFY2024, which remains unchanged from the FFY2020 level. This section also authorizes EOHHS to submit a state plan amendment to identify the aggregate DSH limit for FFY2024 and update the distribution method.

In FY2024, federal DSH allotments are scheduled to be reduced by \$8.0 billion nationally. Rhode Island's allotment is scheduled to be reduced by 90.0 percent, from \$83.4 million to \$8.4 million. The DSH program is intended to provide support to hospitals with a large percentage of uninsured patients. Based on a new distribution model intended to target funding toward uncompensated care, the DSH Health Reform Methodology (DHRH), the distribution of federal funds will be most reduced for states with higher insurance coverage rates, such as Rhode Island.

Sherlock Program - Ticket to Work Program:

The article expands the Sherlock Program to allow individuals to go through the federal Ticket to Work program. The Ticket to Work Program helps social security disability beneficiaries, ages 18 through 64 who want to work, progress toward financial independence. There are no income or asset limits for eligibility in this program. The Budget includes \$1.2 million in all funds, including \$548,125 in general revenue, to support this expansion in FY2024.

Medicaid Long-term Services and Support (LTSS)

In order to comply with federal regulations, states must separate case management from service delivery functions to ensure person-centered policies for recipients of LTSS in home and community-based centers. Ongoing federal matching funding upward of \$180.0 million is in jeopardy under the current Medicaid

LTSS system, since a conflict of interest exists for certain providers and case management services are limited or inconsistent. This article is intended to bring Rhode Island into compliance with 42 CFR 441.301.

In March 2014, the Centers for Medicaid and Medicare Services (CMS) implemented a final rule requiring states to separate case management from service delivery to reduce conflicts of interest for services provided under home and community-based services (HCBS). According to EOHHS, Rhode Island is required to have a roadmap for complying with all facets of the HCBS rule by March 17, 2023, or risk losing federal matching funds. This article is intended to bring Rhode Island into compliance. As part of this initiative, EOHHS intends to define conflict-free case management (CFCM) consistently across populations and programs to ensure equity in access and service. The initiative is expected to begin on January 1, 2024, with one exception. In order to comply with the ongoing consent decree, the Intellectually and Developmentally Disabled (IDD) population, the majority of the population impacted, will start in CY2023.

The Budget provides \$6.5 million in general revenue (\$14.4 million in all funds) to provide person-centered planning (PCP) and conflict-free case management (CFCM) to Medicaid beneficiaries who receive long-term services and supports (LTSS) in a home or community-based setting, as required by federal regulation. These resources are estimated to support six months of programming based on a January 1, 2024, start date.

Certified Community Behavioral Health Clinic (CCBHC)

The article moves the deadline for establishing a CCBHC from July 1, 2023, to February 1, 2024, to give EOHHS and the Department for Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) time to establish rates consistent with the federal model and to certify providers. The Budget also includes an increase of \$7.2 million in general revenue (\$22.4 million all funds) to administer the CCBHC.

In 2017, the Substance Abuse and Mental Health Services Agency (SAMHSA) selected eight states to participate in the demonstration program including New York and Minnesota. Case studies in both of these states found cost savings and reduction in utilization of emergency department and inpatient hospitalization of more than 50.0 percent, as a result of the program. Currently, 10 states are participating in the CCBHC federal demonstration program. EOHHS projects that full implementation of the program will result in improved access to behavioral health services and a reduction in emergency department and inpatient utilization.

EOHHS intends to implement the PPS-2 methodology which is a cost-based, per-clinic monthly rate that applies uniformly to all CCBHC services rendered by a certified clinic; consequently, Article 9 strikes the reference in the enacted legislation that references a daily rate. Each CCBHC will submit a cost report with all allowable costs by population. These reports will be used to establish a per-member-per-month (PMPM) rate for each population. The first costs reports are due in December 2022; consequently, EOHHS used a services-based rate as a proxy to create a placeholder for the budget request.

The initiative consists of three phases:

- Phase I consists of the CCBHC Infrastructure Grant program currently underway with SFRF funds that focuses on assessment and the development of organizational capacity for program implementation.
- Phase II will focus on the establishment of measures and the submission of baseline data using the 22 CMS CCBHC metrics through a pay-for-reporting model.
- Phase III will focus on performance relative to established measures and model sustainability.

EOHHS met the August 1, 2022, deadline for the grant application process through a Request for Proposals (RFP) issued on July 31, 2022. On September 21, 2022, EOHHS sent tentative Letters of Award to eight CCBHC agencies for 10 sites, and to 14 Designated Collaborating Organizations (DCOs) for 20 sites.

The article eliminates the December 1, 2022, deadline for the submission of a detailed cost report from participating organizations, and the January 15, 2023, deadline for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH) to determine how many health clinics will be certified and the cost for each. In a letter dated, January 17, 2023, EOHHS proposes an alternative deadline for the cost report submission of February 15, 2023, and for the development of the budget of April 30, 2023.

Quality Measures

In addition to other information provided as part of the annual comprehensive overview of Medicaid expenditures outcomes, the article required the Secretary of Health and Human Services to include the quality measures submitted to the Centers for Medicare and Medicaid Services as part of the mandatory annual state reporting.

Sliding Scale Benefit Decreases

As part of the Executive Office of Health and Human Services (EOHHS) FY2025 Budget submission, the article requires the identification of opportunities to remove fixed eligibility thresholds, or “cliffs”, for programs by establishing sliding scale decreases in benefits corresponding to income steps up to 450.0 percent of the federal poverty level.

Amendments to the Rhode Island Medicaid Reform Act Resolution

Cedar Rate Increase: The article authorizes EOHHS to seek a waiver amendment to implement an increase to the existing fee-for-service and managed care rates for the Cedar Family Centers. The Cedar Family Centers provide care management to help families of Children and Youth with Special Health Care Needs (CYSHCN) access support services, including those who are Medicaid eligible through the Katie Becket waiver. In May 2022, the State entered into a settlement agreement with the United States Department of Justice impacting members enrolled in Medicaid through the Katie Beckett waiver. This increase and restructure will support the needs of the settlement.

Cedar Family Services has not received a rate increase since 2016 and the additional scope of work confirm that the current rate and payment structure is not adequate to ensure sustainability. Cedar Family Services was not part of the children’s therapeutic and respite services rate increase provided in the FY2023 Budget as Enacted which ensured that direct care providers were paid at least \$15.00 per hour. The Budget provides an increase of \$551,955 in general revenue (\$1.2 million all funds) to support a rate increase and adequate pay structure to support and expand the Cedar Family Centers.

Hospital State Directed Managed Care Payment: The article authorizes EOHHS to establish a new hospital state directed care payment with payments made on a quarterly basis.

Hospital Licensing Fee (HLF): The article authorizes EOHHS to pursue federal approval from the federal Centers for Medicare and Medicaid Services (CMS) for a new hospital licensing rate including a three-tiered rate for non-government owned hospitals and on rate for government-owned and operated hospitals.

Permanent Appendix K Authority: The article authorizes EOHHS to seek a waiver amendment to allow parents and other relatives of adult Medicaid members with disabilities to be reimbursed for services provided to the adult members who participate in self-directed home and community-based services (HCBS) programs.

Personal Care Attendants in Acute Care Settings: The article authorizes EOHHS to seek a waiver amendment to allow direct support professionals to assist Home and Community Based Services (HCBS) beneficiaries who are receiving care in a hospital acute-care setting.

Article 10: Relating to Making Revised Appropriations in Support of FY2023

Article 10 outlines the appropriation amounts from all fund sources for the FY2023 Final Budget. In most cases, the appropriations are by fund source at the program level in each department or agency. The article includes the FTE position authorizations by department or agency. Other sections of the article outline the use of contingency funds; expenditure limits for internal service funds; and, disbursements of Lottery, Temporary Disability Insurance, Employment Security, and University and College Funds. This article makes appropriations for general revenues, federal, restricted, and other funds, and authorizes FTE levels for each agency and department. Article 1 also includes the following items:

- Sets the airport impact aid formula at \$1.0 million.
- Authorizes 15,463.5 FTE positions, reflecting a net increase of 8.0 FTE positions, as compared to the authorized level set in the FY2023 Budget as Enacted.
- Details Community Service Objective grant funding recipients and amounts.
- Requires that all unexpended or unencumbered balances relating to the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island, be reappropriated to FY2024. In addition, the Office of the Postsecondary Commissioner shall provide \$6.6 million be allocated to the Rhode Island Promise Scholarship program, \$355,000 to support the Rhode Island College Crusade, \$200,000 to support the Rhode Island School for Progressive Education, \$147,000 to support the State's membership in the New England Board of Higher Education, and \$75,000 be allocated to Best Buddies Rhode Island.
- Caps the amount the Judiciary may charge five state agencies (Public Defender's Office, Office of the Attorney General, Department of Corrections, DCYF, and Department of Public Safety) for public courthouse occupancy costs at \$1.3 million. It requires the Judiciary to provide \$230,000 to the Rhode Island Coalition Against Domestic Violence for domestic abuse court advocacy and \$90,000 be provided to the Rhode Island Legal Services, to provide housing and eviction defense to indigent individuals.
- Amends federal funds, authorized, allocated, or apportioned to the State from the State Fiscal Recovery Fund pursuant to the American Rescue Plan Act of 2021.
- Requires the State Controller to transfer \$4.4 million to the Workers' Compensation Administrative Fund by June 30, 2023.

APPROPRIATIONS

Article 10 makes appropriations from general revenues and authorizes expenditures of federal funds, restricted receipts, and other funds for the fiscal year ending June 30, 2023.

Expenditures by Source	FY2022 Final	FY2023 Enacted	FY2023 Final	Change to Enacted
General Revenue	\$5,236.5	\$5,042.2	\$5,174.2	\$132.0
Federal Funds	5,326.6	5,708.4	5,825.6	117.2
Other Funds	2,055.1	2,398.4	2,378.8	(19.6)
Restricted Receipts	318.4	453.5	475.9	22.4
Total	\$12,936.6	\$13,602.5	\$13,854.6	\$252.1

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

- **Administration - Information Technology Investment Fund:** The Budget requires that of the total available in the Information Technology Investment Fund as of July 1, 2022, these amounts shall be available for the following projects:

Information Technology Investment Fund	
State Hospital Electronic Medical Records System	\$22.4
Replace and Modernization DLT Legacy Mainframe System	19.4
RIbridges Mobile and Childcare Tracking	6.7
Blockchain Digital Identity	2.5
Enterprise Resource Planning System	2.2
DEM Online Permit and Licensing System	5.8
Adult Correctional Institution WI-FI Technology	3.3
Tax Modernization System	2.3
Total	\$64.6

\$ in millions

- **Administration – RICAP Transfer:** The Budget includes a one-time transfer of \$257.4 million in general revenue to the Rhode Island Capital Plan (RICAP) fund in FY2023, reflecting an increase of \$242.4 million over the \$15.0 million appropriated in the FY2023 Budget as Enacted. The Budget includes a one-time transfer of \$182.4 million in general revenue from the FY2022 surplus to the Rhode Island Capital Plan fund for the state match to federal transportation funds. This includes general state match funding as well as replacement revenue for the expected truck toll revenue losses through FY2024 and FY2025.
- **Administration - Aid to the Convention Center:** The article requires \$5.0 million in SFRF to support the operations and finance renovations to the facility that was used during the COVID-19 emergency.
- **Commerce:** The budget requires \$5.5 million in general revenue be allocated to the Rhode Island Infrastructure Bank for the creation of the Municipal Matching Grant Pool for municipalities that apply for federal Infrastructure Investment and Jobs Act funds, but lack the matching fund requirement.
- **Labor and Training – Direct Care Training:** The article requires \$600,000 in general revenue be used for enhanced training for direct care and support services staff to improve the resident quality of care for nursing facility residents.
- **Business Regulation:** The Budget requires that \$1.5 million in general revenue be used for a new initiative where the Office of the Health Insurance Commissioner conducts a comprehensive view of social and human services programs throughout the state. The Office will analyze rates, utilizations, and eligibility standards.
- **EOHHS:** The Budget requires \$30,000 in general revenue to facilitate the planning for the creation of an Early Childhood Governance Working Group, tasked with submitting a report to the Governor and General Assembly by October 1, 2023, with recommendations addressing the coordination and administration of an early childhood program.
- **BHDDH – DD Consent Decree:** The State has been under a Consent Decree with the United States Department of Justice since 2014, requiring the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH) to foster more supportive and less isolated employment opportunities and day services for individuals with intellectual and developmental disabilities. With the Consent Decree scheduled to end in FY2024, the State has agreed to an action plan to ensure the requirements of the Consent Decree are fulfilled. Article 10 allocates \$13.8 million in general revenue (\$33.6 million all funds) to support direct support professional wage increases and \$5.8 million in general revenue (\$10.8 million all funds) for a Transformation and Technology Fund to remain in compliance with the action plan.

- **RIDE - Rhode Island Vision Education and Services Program:** Requires that \$684,000 from the Department of Elementary and Secondary Education’s share of federal Individuals with Disabilities Education Act funds, be allocated to the Sherlock Center on Disabilities to support the Rhode Island Vision Services Program.
- **RIDE - Education Aid:** Provides that the criteria for the allocation of early childhood funds must prioritize prekindergarten seats and classrooms for four-year-olds with a family income at or below 185.0 percent of federal poverty guidelines and who reside in communities with higher concentrations of low performing schools.
- **Public Safety – Body-worn Camera:** The article includes \$1.0 million of one-time general revenue to support a new statewide body-worn camera program for law enforcement officers. On June 16, 2021, the State’s political and law enforcement leadership announced support for a statewide program to put body-worn cameras on every frontline police officer and supervisor in Rhode Island. The statewide program is designed to equip approximately 1,700 of Rhode Island’s uniformed patrol officers, across every municipal police department and the Rhode Island State Police, with body-worn cameras by December 2022. All unexpended or unencumbered balances as of June 30, 2023, shall be reappropriated to FY2024.
- **Corrections – Sex Offender Discharge:** The Budget includes allocates \$1.0 million to Crossroads Rhode Island for sex offender discharge planning.
- **Environmental Management - Rhode Island Infrastructure Bank:** The Budget requires \$28.5 million in general revenue be allocated to the Rhode Island Infrastructure Bank for the Clean Water State Revolving Fund and Drinking Water State Revolving Fund contingent upon the submission of documentation to the Office of Management and Budget showing the need for the funds to be used as the state match. In addition, the article requires \$100,000 be allocated to the Wildlife Rehabilitators Association of Rhode Island to support a veterinarian at the Wildlife Clinic of Rhode Island, and requires \$50,000 be allocated to the Conservation Districts.

INTERNAL SERVICE FUNDS

Article 10 authorizes 15 specific capped internal service accounts to permit reimbursement of costs for work or other services performed by certain departments or agencies for any other department or agency. The FY2018 Budget as Enacted established centralized accounts for each agency and allows the Department of Administration to draw upon these accounts for billable centralized services and deposit the funds into the rotary accounts under the Department of Administration. Reimbursements may only be made up to the expenditure cap for each account, as outlined below.

Internal Service Account	FY2023 Enacted	FY2023 Final	Change
State Assessed Fringe Benefits	\$37,370,321	\$37,384,711	\$14,390
Administration Central Utilities	27,355,205	35,379,345	8,024,140
State Central Mail	7,303,550	7,739,779	436,229
State Telecommunications	3,513,931	3,459,819	(54,112)
State Automotive Fleet	12,869,107	12,886,486	17,379
Surplus Property	3,000	44,789	41,789
Health Insurance	272,697,174	272,642,618	(54,556)
Other Post-Employment Benefits	63,858,483	63,858,483	-
Capital Police	1,380,836	1,362,349	(18,487)
Corrections Central Distribution Center	7,524,912	7,516,926	(7,986)
Correctional Industries	8,472,206	8,369,604	(102,602)
Secretary of State Records Center	1,143,730	1,156,743	13,013
Human Resources Internal Service Fund	15,991,654	16,005,094	13,440
DCAMM Facilities Internal Service Fund	47,011,910	54,866,999	7,855,089
Information Technology Internal Service Fund	50,789,409	50,748,407	(41,002)
Total	\$557,285,428	\$573,422,152	\$16,136,724

FTE POSITIONS

Article 10 establishes the authorized number of full-time equivalent (FTE) positions for each State department and agency. Departments and agencies may not exceed in any pay period the number of authorized FTE positions shown. The Budget includes a net increase of 8.0 FTE positions as compared to the authorized level set in the FY2023 Budget as Enacted. The following table illustrates the FTE levels by government function:

FTE Positions by Function	FY2023 Enacted	FY2023 Final	<i>Change to Enacted</i>
General Government	2,494.4	2,494.4	-
Human Services	3,734.3	3,742.3	8.0
Education	4,223.4	4,223.4	-
Public Safety	3,275.6	3,275.6	-
Natural Resources	449.0	449.0	-
Transportation	755.0	755.0	-
Subtotal	14,931.7	14,939.7	8.0
<i>Higher Ed. Sponsored Positions</i>	<i>523.8</i>	<i>523.8</i>	-
Total FTE Positions	15,455.5	15,463.5	8.0

Article 11: Relating to Lease Agreements for Leased Office and Operating Space

This article authorizes various lease agreements for office and operating spaces as required by RIGL 37-6-2(d), which requires approval of the General Assembly for any new or extended lease agreements meeting certain conditions. Of the proposed leases, four are renewals and one is a new lease agreement.

FISCAL IMPACT

State Agency	Renewal or New Lease	Location	Sq. Ft.	Lease Term	Aggregate Rent	Max. Annualized	Current Lease Expires
Human Services	Renewal	31 John Clarke Road, Middletown	4,400	5-years	\$485,980	\$91,196	November 30, 2023
Human Services	New Lease	125 Holden Street, Providence	17,000	5-years	\$2,527,148.65	\$476,000*	N/A
Human Services	Renewal	1 Reservoir Ave, Providence	25,000	5-years	\$2,939,693.75	\$593,731.25**	30-Jun-23
Children, Youth, and Families	Renewal	530 Wood Street, Bristol	15,963	5-years	\$1,718,383.50	\$353,092.50***	July 31, 2023
Revenue	Renewal	2000 Diamond Hill Road, Woonsocket	4,877	5-years	\$392,598.50	\$78,519.70	November 30, 2023

*Annual base rent is not to exceed \$476,000 in the first year and an annual increase of the greater of either 3% or the Consumer Price Index for the remainder of the lease term

**Annual base rent is not to exceed \$579,250 in years one (1) and two (2), and \$593,731.25 in years three (3) through five (5)

***Aggregate base rent is not to exceed \$337,399.50 in years one (1) through three (3), and \$353,092.50 in years four (4) through five (5)

ANALYSIS AND BACKGROUND

The article authorizes five lease agreements pursuant to RIGL 37-6-2(d), which requires that the approval of the General Assembly for any new or extended lease or rental agreements with a term of five (5) years or longer where the State is the tenant and the aggregate rent during the proposed term is more than five hundred thousand dollars (\$500,000).

For agreements meeting these specifications, the law states that the State Properties Committee must submit a resolution including the following information: the purpose of the lease or rental agreement, the agency's current lease or rental costs, the expiration date of the present lease or rental agreement when applicable, the total range of costs of a new lease or rental agreement, the proposed term length of a new agreement, and the location and current owner of the property.

The article authorizes the following four lease renewals and one new lease agreement.

Department of Human Services - 31 John Clarke Road, Middletown

The article authorizes the Department of Human Services (DHS) to renew a lease agreement with Children and Family Services of Newport County for a five-year period, for 4,400 square feet of office space located at 31 John Clarke Road in Middletown. DHS currently holds a lease agreement with Children and Family Services of Newport County which expires on November 3, 2023. The article provides that aggregate rent for a five-year lease term in the lease agreement will be no greater than \$485,980.

Department of Human Services - 125 Holden Street, Providence

The article authorizes the Department of Human Services (DHS) to begin a new lease agreement with Paolino Properties for a five-year period, with the option of extending the lease for an additional ten years. 125 Holden Street maintains 17,000 square feet of office space which is required for the Departments initiatives to expand services through in-person customer service activities. The article provides that aggregate rent for a five-year lease term in the lease agreement will be no greater than \$2.5 million.

Department of Human Services – 1 Reservoir Ave, Providence

The article authorizes the Department of Human Services (DHS) to renew and reorganize its existing lease with First Reservoir, LLC for a five-year period, for 25,000 square feet of office space located at 1 Reservoir Ave in Providence. DHS currently holds a lease agreement with First Reservoir, LLC which expires June

30, 2023. The Article provides an aggregate rent for a five-year lease term in the lease agreement will be no more than \$2.9 million.

Department of Children, Youth, and Families – 530 Wood Street, Bristol

The Article authorizes the Department of Children, Youth, and Families (DCYF) to renew a lease agreement with WSA Property, Inc. for approximately 15,693 square feet of office space at 530 Wood Street, Bristol. The property serves as an essential location for one of DCYF’s regional offices, and the current lease is set to expire on July 31, 2023. The article provides the aggregate base rent not to exceed \$1,718,383.50 for a term not to exceed five (5) years. The annual rent during the renewal term is not to exceed \$337,399.50 in years one (1) through three (3) and \$353,092.50 in years four (4) through five (5).

Department of Revenue – 2000 Diamond Hill Road, Woonsocket

The article authorizes the Department of Revenue (DOR) to renew a lease agreement with Woonsocket Mall, LLC for a term not to exceed five years. The DOR currently holds a lease agreement with Woonsocket Mall, LLC, for an approximately 4,877 square foot space located at 2000 Diamond Hill Road, Woonsocket, which expires on November 30, 2023. The space is used as a satellite customer services center for the Division of Motor Vehicles. The article provides that the annual base rent for a five-year lease term in the lease agreement shall not exceed \$78,519.70 annually

Article 12: Relating to Pensions

This article modifies laws to replace the current pension COLA suspension and interim COLAs with a fractional annual COLA of 25.0 percent of the COLA declared in the plan year for retired teachers, state employees, and municipal employees.

FISCAL IMPACT

The fiscal impact of this article is indeterminable without a pension impact study completed by the State's actuary to the Employees' Retirement System to determine the fiscal impact to the State's Retirement Trust Fund and future state appropriations.

Analyst Note: The certified June 30, 2022, actuarial valuation reports from Gabriel Roeder Smith and Company (GRS) sets the cost of living adjustments (COLA) for 2023 at \$28,878 and increases by 3.11 percent to \$29,776 in 2024. In 2022, the limit was \$27,901.

ANALYSIS AND BACKGROUND

Teachers' Retirement

Section 1 amends RIGL 16-16-40 by striking the provision suspending the cost of living adjustment (COLA) for retired teachers until the funded ratio of the State's retirement trust funds in aggregate, exceed 80.0 percent and replaces this suspension with a new annual fractional COLA adjustment equal to 25.0 percent of the COLA declared in the plan year for retired teachers. In addition, the article strikes the provision that establishes an interim COLA given to retirees every four years based on investment performance and inflation, until the funded ratio exceeds 80.0 percent.

State Employees' Retirement

Section 2 amends RIGL 36-10-35 by striking the provision suspending the COLA for retired state employees until the funded ratio of the State's retirement trust funds in aggregate, exceed 80.0 percent and replaces this suspension with a new annual fractional COLA adjustment equal to 25.0 percent of the COLA declared in the plan year for retired state employees. In addition, the article strikes the provision that establishes an interim COLA given to retirees every four years based on investment performance and inflation, until the funded ratio exceeds 80.0 percent.

Municipal Employees' Retirement

Section 3 amends RIGL 45-21-52 by striking the provision suspending the cost of living adjustment (COLA) for retired municipal employees until the funded ratio of the State's retirement trust funds in aggregate exceed 80.0 percent and replaces this suspension with a new annual fractional COLA adjustment equal to 25.0 percent of the COLA declared in the plan year for retired municipal employees. In addition, the article strikes the provision that establishes an interim COLA given to retirees every four years based on investment performance and inflation until the funded ratio exceeds 80.0 percent.

Advisory Working Group

The article requires the General Treasurer to convene a working group to analyze and review the impacts of the Rhode Island Retirement Security Act of 2011 (RIRSA) on the State Retirement System and on the System's current and retired members, and report the findings, recommendations, and proposed options for consideration, on or before March 1, 2024, to the Governor, Speaker of the House and President of the Senate.

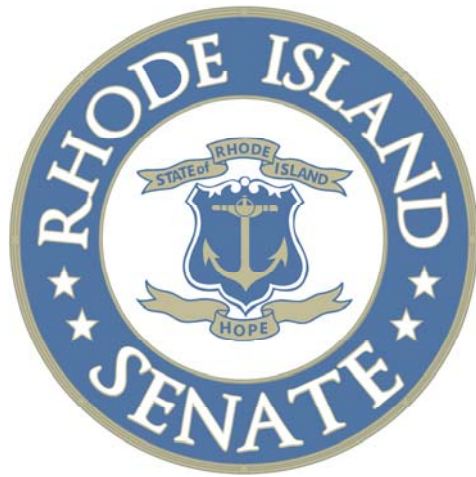
Effective Date

The effective date for implementing the provision for the fractional annual COLA of 25.0 percent of the COLA declared in the plan year for retired teachers, state employees, and municipal employees is January 1, 2024. This would ensure all covered pensioners begin to receive a quarter COLA during the same calendar year.

Section 5 requiring the General Treasurer to convene a working group to analyze and review the impacts of the Rhode Island Retirement Security Act of 2011 (RIRSA) on the State Retirement System remains effective upon passage of the article.

Article 13: Relating to Effective Date

This article provides that the Act will take effect on July 1, 2023, except as otherwise provided herein.



APPENDIX

Summary Tables

GENERAL REVENUE BUDGET SURPLUS STATEMENT

	FY2022 Audited	FY2023 Enacted	FY2023 Supplemental	FY2024 Budget
Opening Surplus				
Free Surplus	\$374,425,433	\$10,345,571	\$209,649,745	\$368,706,714
Reappropriated Surplus	8,446,365		19,442,046	
Adjustment to Opening Surplus		278,859,677	37,664,293	
Adjustment to Fund Balance	155,277,927	0	243,669,100	5,055,846
Subtotal	\$538,149,725	\$289,205,248	\$510,425,184	\$373,762,560
Revenues				
Enacted/Actual/Estimated	5,204,244,069	4,901,451,905	4,901,451,905	4,892,968,406
Governor			309,799,723	382,466,893
Assembly			(12,051,628)	839,989
Total Revenues	\$5,204,244,069	\$4,901,451,905	\$5,199,200,000	\$5,276,275,288
To Cash Stabilization Fund	(167,360,085)	(147,353,924)	(162,265,492)	(169,349,460)
From Cash Stabilization Fund				
Total Available Resources	\$5,575,033,709	\$5,043,303,229	\$5,547,359,692	\$5,480,688,388
Expenditures				
Actual/Enacted/Current Svcs.	5,239,941,918	5,042,159,928	5,042,159,928	5,064,100,172
Governor			224,410,565	238,678,553
Assembly			(92,361,959)	122,361,704
Total Expenditures	\$5,239,941,918	\$5,042,159,928	\$5,174,208,534	\$5,425,140,429
Total Surplus	335,091,791	1,143,301	373,151,158	55,547,959
Transfers	(106,000,000)		(4,444,444)	(55,000,000)
Transfer from Rainy Day Fund				
Reappropriations	(19,442,046)			
Free Surplus	\$209,649,745	\$1,143,301	\$368,706,714	\$547,959
Rainy Day Fund	\$278,933,475	\$245,589,874	\$270,442,487	\$282,249,100

ALL FUNDS EXPENDITURES

	FY2022 Actual	FY2023 Enacted	FY2023 Final	Change from Enacted	FY2024 Enacted	Change from Enacted
General Government						
Administration	\$1,204,230,177	\$820,335,630	\$995,392,156	\$175,056,526	\$717,766,683	(\$102,568,947)
Business Regulation	26,836,389	38,496,313	36,553,026	(1,943,287)	42,322,903	3,826,590
Executive Office of Commerce	162,351,035	242,690,331	265,926,290	23,235,959	241,627,641	(1,062,690)
Housing	-	-	-	-	251,655,943	251,655,943
Labor and Training	783,316,473	634,453,996	610,158,868	(24,295,128)	527,634,032	(106,819,964)
Revenue	758,143,756	947,718,512	898,426,431	(49,292,081)	800,033,280	(147,685,232)
Legislature	44,045,905	50,462,193	59,063,369	8,601,176	53,088,776	2,626,583
Lieutenant Governor	1,073,989	1,353,568	1,366,773	13,205	1,411,331	57,763
Secretary of State	11,692,483	14,033,777	14,113,130	79,353	14,424,078	390,301
General Treasurer	19,118,285	22,848,869	22,701,819	(147,050)	24,035,465	1,186,596
Board of Elections	2,591,772	6,249,463	5,969,811	(279,652)	3,981,728	(2,267,735)
Ethics Commission	1,801,743	2,035,145	2,037,481	2,336	2,137,059	101,914
Office of the Governor	7,098,446	7,152,280	7,599,267	446,987	8,406,547	1,254,267
Commission for Human Rights	1,836,229	2,152,745	2,256,039	103,294	2,368,347	215,602
Public Utilities Commission	10,930,983	13,569,765	13,720,357	150,592	14,261,300	691,535
Total	\$3,035,067,665	\$2,803,552,587	\$2,935,284,817	\$131,732,230	\$2,705,155,113	(\$598,397,474)
Health and Human Services						
Office of Health and Human Services	\$3,368,795,422	\$3,614,437,518	\$3,463,077,285	(\$151,360,233)	\$3,815,013,758	\$200,576,240
Children, Youth, and Families	264,891,205	314,506,447	318,628,375	4,121,928	366,362,408	51,855,961
Health	491,403,480	373,353,530	377,167,692	3,814,162	327,596,035	(45,757,495)
Human Services	901,174,072	902,135,264	948,025,852	45,890,588	833,996,366	(68,138,898)
BHDDH	501,996,416	597,062,033	581,430,335	(15,631,698)	672,848,681	75,786,648
Governor's Commission on Disabilities	1,358,383	2,215,494	2,269,843	54,349	1,983,720	(231,774)
Governor's Commission on the Deaf	819,256	816,876	846,844	29,968	868,675	51,799
Office of the Child Advocate	1,088,616	1,494,065	1,497,060	2,995	1,649,914	155,849
Office of the Mental Health Advocate	716,645	973,329	900,494	(72,835)	976,078	2,749
Total	\$5,532,243,495	\$5,806,994,556	\$5,693,843,780	(\$113,150,776)	\$6,021,295,635	\$214,301,079
Education						
Elementary and Secondary Education	\$1,719,406,450	\$2,018,452,386	\$2,105,130,244	\$86,677,858	\$2,022,346,822	\$3,894,436
Public Higher Education	1,254,052,626	1,317,956,820	1,310,150,123	(7,806,697)	1,449,655,656	131,698,836
Council on the Arts	3,906,256	4,164,995	4,342,869	177,874	3,869,758	(295,237)
Atomic Energy Commission	1,565,278	1,536,396	1,697,964	161,568	1,578,744	42,348
Historical Preservation & Heritage Comm.	2,044,266	3,512,736	2,891,710	(621,026)	3,581,831	69,095
Total	\$2,980,974,876	\$3,345,623,333	\$3,424,212,910	\$78,589,577	\$3,481,032,811	\$135,409,478
Public Safety						
Attorney General	\$35,756,164	\$41,503,027	\$42,149,899	\$646,872	\$43,227,795	\$1,724,768
Corrections	255,846,470	256,314,053	300,201,601	43,887,548	288,763,824	32,449,771
Judiciary	130,247,021	141,442,614	142,236,164	793,550	146,897,430	5,454,816
Military Staff	24,571,069	40,589,974	44,853,325	4,263,351	75,907,305	35,317,331
Emergency Management Agency	15,051,624	37,381,828	48,925,576	11,543,748	50,260,712	12,878,884
Public Safety	129,341,133	188,003,493	176,175,618	(11,827,875)	189,704,336	1,700,843
Public Defender	13,579,225	14,774,472	14,394,868	(379,604)	15,794,785	1,020,313
Total	\$604,392,706	\$720,009,461	\$768,937,051	\$48,927,590	\$810,556,187	\$90,546,726
Natural Resources						
Environmental Management	\$121,085,382	\$122,002,644	\$150,061,904	\$28,059,260	\$127,810,075	\$5,807,431
Coastal Resources Management Council	5,392,353	7,557,579	7,987,006	429,427	5,910,769	(1,646,810)
Total	\$126,477,735	\$129,560,223	\$158,048,910	\$28,488,687	\$133,720,844	\$4,160,621
Transportation						
Transportation	\$657,427,603	\$796,714,466	\$874,272,337	\$77,557,871	\$859,089,110	\$62,374,644
Grand Total	\$12,936,584,080	\$13,602,454,626	\$13,854,599,805	\$252,145,179	\$14,010,849,700	\$408,395,074

GENERAL REVENUE EXPENDITURES

General Government	FY2022 Actual	FY2023 Enacted	FY2023 Final	Change from Enacted	FY2024 Enacted	Change from Enacted
Administration	\$823,590,660	\$270,317,985	\$499,659,684	\$229,341,699	\$293,843,692	\$23,525,707
Business Regulation	19,539,176	26,270,761	25,423,264	(847,497)	24,371,468	(1,899,293)
Executive Office of Commerce	84,243,172	49,213,482	57,383,708	8,170,226	66,421,142	17,207,660
Housing	-	-	-	-	32,997,895	32,997,895
Labor and Training	15,466,161	22,842,351	23,249,345	406,994	17,697,227	(5,145,124)
Revenue	258,598,512	371,897,350	370,108,815	(1,788,535)	397,716,359	25,819,009
Legislature	42,745,911	48,542,952	57,035,606	8,492,654	50,998,683	2,455,731
Lieutenant Governor	1,073,989	1,353,568	1,366,773	13,205	1,411,331	57,763
Secretary of State	10,137,063	11,867,015	11,940,190	73,175	11,839,843	(27,172)
General Treasurer	3,424,381	3,558,632	3,605,450	46,818	3,995,808	437,176
Board of Elections	2,591,772	6,249,463	5,969,811	(279,652)	3,981,728	(2,267,735)
Ethics Commission	1,801,743	2,035,145	2,037,481	2,336	2,137,059	101,914
Office of the Governor	7,098,446	7,152,280	7,599,267	446,987	8,406,547	1,254,267
Commission for Human Rights	1,524,556	1,744,334	1,860,825	116,491	2,009,246	264,912
Public Utilities Commission	-	-	-	-	-	-
Total	\$1,271,835,542	\$823,045,318	\$1,067,240,219	\$244,194,901	\$917,828,028	\$94,782,710
Health and Human Services						
Office of Health and Human Services	\$992,631,899	\$1,196,906,846	\$1,080,906,080	(\$116,000,766)	\$1,314,146,804	\$117,239,958
Children, Youth, and Families	171,702,498	206,600,999	204,254,891	(2,346,108)	217,262,746	10,661,747
Health	248,140,611	32,872,378	33,983,052	1,110,674	35,655,172	2,782,794
Human Services	114,400,669	152,311,791	138,551,511	(13,760,280)	155,552,694	3,240,903
BHDDH	257,410,514	303,000,232	270,110,495	(32,889,737)	310,886,337	7,886,105
Governor's Commission on Disabilities	1,014,841	1,752,601	1,835,632	83,031	1,542,951	(209,650)
Governor's Commission on the Deaf	863,784	716,876	741,245	24,369	764,208	47,332
Office of the Child Advocate	1,033,943	1,494,065	1,485,060	(9,005)	1,649,914	155,849
Office of the Mental Health Advocate	716,645	973,329	900,494	(72,835)	976,078	2,749
Total	\$1,787,915,404	\$1,896,629,117	\$1,732,768,460	(\$163,860,657)	\$2,038,436,904	\$141,807,787
Education						
Elementary and Secondary Education	\$1,328,151,986	\$1,440,698,219	\$1,441,205,633	\$507,414	\$1,496,382,952	\$55,684,733
Public Higher Education	266,718,347	265,876,018	265,178,104	(697,914)	304,808,336	38,932,318
Council on the Arts	2,023,257	2,198,276	2,185,921	(12,355)	2,292,758	94,482
Atomic Energy Commission	1,055,146	1,146,763	1,101,589	(45,174)	1,158,737	11,974
Historical Preservation & Heritage Comm.	1,305,112	1,572,452	1,251,670	(320,782)	1,905,557	333,105
Total	\$1,599,253,848	\$1,711,491,728	\$1,710,922,917	(\$568,811)	\$1,806,548,340	\$95,056,612
Public Safety						
Attorney General	\$30,772,386	\$33,505,968	\$33,730,488	\$224,520	\$34,862,891	\$1,356,923
Corrections	242,260,532	245,850,615	285,244,482	39,393,867	281,010,856	35,160,241
Judiciary	109,663,086	116,525,248	116,516,243	(9,005)	121,387,370	4,862,122
Military Staff	2,891,181	3,365,511	3,271,687	(93,824)	3,650,802	285,291
Emergency Management Agency	4,874,532	4,308,154	5,437,519	1,129,365	6,632,962	2,324,808
Public Safety	99,798,068	136,304,942	119,180,407	(17,124,535)	137,013,201	708,259
Public Defender	13,546,645	14,708,807	14,299,203	(409,604)	15,694,120	985,313
Total	\$503,806,430	\$554,569,245	\$577,680,029	\$23,110,784	\$600,252,202	\$45,682,957
Natural Resources						
Environmental Management	\$71,024,387	\$53,097,245	\$82,724,512	\$29,627,267	\$58,678,560	\$5,581,315
Coastal Resources Management Council	2,659,662	3,327,275	2,872,397	(454,878)	3,396,395	69,120
Total	\$73,684,049	\$56,424,520	\$85,596,909	\$29,172,389	\$62,074,955	\$5,650,435
Transportation						
Transportation	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total	\$5,236,495,273	\$5,042,159,928	\$5,174,208,534	\$132,048,606	\$5,425,140,429	\$382,980,501

512 | 2024 BUDGET AS ENACTED

PERSONNEL	FY2022	FY2023	FY2023	Change from	FY2024	Change
General Government	Actual	Enacted	Final	Enacted	Enacted	from Enacted
Administration	650.7	662.7	662.7	-	674.7	12.0
Business Regulation	162.0	181.0	181.0	-	181.0	-
Executive Office of Commerce	16.0	20.0	20.0	-	5.0	(15.0)
Housing	-	-	-	-	38.0	38.0
Labor and Training	461.7	461.7	461.7	-	461.7	-
Revenue	570.5	575.5	575.5	-	575.5	-
Legislature	298.5	298.5	298.5	-	298.5	-
Lieutenant Governor	8.0	8.0	8.0	-	8.0	-
Secretary of State	59.0	59.0	59.0	-	61.0	2.0
General Treasurer	89.0	89.0	89.0	-	91.0	2.0
Board of Elections	13.0	13.0	13.0	-	13.0	-
Ethics Commission	12.0	12.0	12.0	-	12.0	-
Office of the Governor	45.0	45.0	45.0	-	45.0	-
Commission for Human Rights	14.0	15.0	15.0	-	15.0	-
Public Utilities Commission	54.0	54.0	54.0	-	54.0	-
Total	2,453.4	2,494.4	2,494.4	-	2,533.4	39.0
Human Services						
Office of Health and Human Services	190.0	204.0	204.0	-	218.0	14.0
Children, Youth, and Families	702.5	702.5	702.5	-	705.5	3.0
Health	530.4	535.4	543.4	8.0	574.4	39.0
Human Services	1,047.0	1,067.0	1,067.0	-	1,070.0	3.0
BHDDH	1,190.4	1,200.4	1,200.4	-	1,202.4	2.0
Office of the Child Advocate	10.0	10.0	10.0	-	10.0	-
Governor's Commission on the Deaf	4.0	4.0	4.0	-	4.0	-
Governor's Commission on Disabilities	4.0	5.0	5.0	-	5.0	-
Office of the Mental Health Advocate	4.0	6.0	6.0	-	6.0	-
Total	3,682.3	3,734.3	3,742.3	8.0	3,795.3	61.0
Education						
Elementary and Secondary Education	326.1	326.1	326.1	-	334.1	8.0
Public Higher Education	3,862.5	3,863.5	3,863.5	-	3,874.5	11.0
Council on the Arts	9.6	9.6	9.6	-	10.0	0.4
Atomic Energy Commission	8.6	8.6	8.6	-	8.6	-
Historical Preservation and Heritage Commission	15.6	15.6	15.6	-	15.6	-
Total	4,222.4	4,223.4	4,223.4	-	4,242.8	19.4
Public Safety						
Attorney General	247.1	249.1	249.1	-	264.1	15.0
Corrections	1,424.0	1,427.0	1,427.0	-	1,460.0	33.0
Judiciary	726.3	739.3	739.3	-	743.3	4.0
Military Staff	92.0	93.0	93.0	-	93.0	-
Emergency Management	33.0	35.0	35.0	-	37.0	2.0
Public Safety	628.6	632.2	632.2	-	632.2	-
Public Defender	99.0	100.0	100.0	-	104.0	4.0
Total	3,250.0	3,275.6	3,275.6	-	3,333.6	58.0
Natural Resources						
Environmental Management	401.0	417.0	417.0	-	425.0	8.0
Coastal Resources Management Council	30.0	32.0	32.0	-	32.0	-
Total	431.0	449.0	449.0	-	457.0	8.0
Transportation						
Transportation	755.0	755.0	755.0	-	755.0	-
Higher Education Sponsored Research						
Office of Higher Education	1.0	1.0	1.0	-	1.0	-
CCRI	89.0	89.0	89.0	-	89.0	-
RIC	76.0	76.0	76.0	-	76.0	-
URI	357.8	357.8	357.8	-	353.8	(4.0)
Total	523.8	523.8	523.8	-	519.8	(4.0)
Grand Total	15,317.9	15,455.5	15,463.5	8.0	15,636.9	181.4

MUNICIPAL AID: DIRECT AID

FY2024- Direct Municipal Aid to Cities and Towns

Municipality	FY2023 Enacted	Payment in Lieu of Taxes	Distressed		Library Grant-in-Aid ⁴	FY2024 Enacted	Change from FY2023 Enacted
			Communities Relief Fund	Motor Vehicle Excise Tax			
Barrington	\$6,240,700	\$18,606	-	\$5,894,822	\$379,347	\$6,292,775	\$52,075
Bristol	4,534,938	1,305,958	-	2,905,818	206,100	4,417,875	(117,064)
Burrillville	5,361,277	59,483	-	5,053,933	224,266	5,337,682	(23,596)
Central Falls	2,350,082	-	263,947	2,077,974	36,917	2,378,839	28,757
Charlestown	1,085,273	-	-	1,020,877	64,266	1,085,143	(130)
Coventry	6,096,797	-	-	5,872,396	251,550	6,123,945	27,148
Cranston	29,440,805	4,029,628	-	22,312,247	797,557	27,139,431	(2,301,374)
Cumberland	6,411,068	-	-	6,073,469	353,926	6,427,395	16,328
East Greenwich	3,326,928	804,431	-	2,417,332	149,839	3,371,602	44,674
East Providence	7,997,414	286,708	-	11,433,479	445,181	12,165,367	4,167,953
Exeter	2,298,694	-	-	2,241,381	56,782	2,298,163	(531)
Foster	1,691,712	-	-	1,652,251	41,835	1,694,087	2,375
Glocester	2,477,279	-	-	2,381,941	95,338	2,477,279	-
Hopkinton	1,671,398	-	-	1,629,259	44,300	1,673,559	2,161
Jamestown	751,594	-	-	622,793	120,781	743,574	(8,019)
Johnston	10,514,625	-	-	10,382,785	133,453	10,516,238	1,613
Lincoln	5,917,375	-	-	5,683,015	259,616	5,942,631	25,256
Little Compton	410,492	-	-	366,775	42,594	409,369	(1,123)
Middletown	2,144,665	-	-	1,976,448	180,903	2,157,351	12,686
Narragansett	1,807,362	-	-	1,831,251	210,276	2,041,527	234,165
Newport	4,398,912	1,739,666	-	2,223,671	486,394	4,449,731	50,819
New Shoreham	260,580	-	-	163,298	108,269	271,567	10,987
North Kingstown	5,725,344	50	-	5,378,818	353,799	5,732,666	7,322
North Providence	10,935,636	-	1,168,448	9,619,286	246,714	11,034,448	98,812
North Smithfield	4,493,854	-	-	4,398,531	95,325	4,493,856	2
Pawtucket	18,535,211	3,061	1,799,105	16,495,506	474,735	18,772,406	237,195
Portsmouth	2,546,430	-	-	2,414,242	134,841	2,549,083	2,652
Providence	77,591,924	37,514,510	7,069,428	34,131,596	1,551,521	80,267,055	2,675,130
Richmond	1,479,884	-	-	1,448,455	32,206	1,480,661	777
Scituate	2,107,036	-	-	1,977,127	133,807	2,110,934	3,898
Smithfield	8,373,559	1,170,041	-	7,098,694	363,925	8,632,660	259,101
South Kingstown	4,409,542	187,050	-	3,930,455	258,400	4,375,906	(33,636)
Tiverton	1,856,745	-	-	1,748,175	147,750	1,895,925	39,180
Warren	2,167,590	-	-	2,090,911	73,963	2,164,873	(2,717)
Warwick	27,559,761	1,578,435	-	25,246,254	778,781	27,603,470	43,709
Westerly	6,374,157	152,031	-	5,765,523	441,250	6,358,803	(15,354)
West Greenwich	1,388,010	-	-	1,331,725	61,668	1,393,393	5,383
West Warwick	6,940,792	-	1,167,490	5,673,744	201,979	7,043,212	102,420
Woonsocket	10,868,198	351,755	916,041	9,324,776	240,870	10,833,442	(34,755)
SRL ¹	1,101,101	-	-	-	1,123,123	1,123,123	22,022
ILG ²	62,609	-	-	-	71,172	71,172	8,563
MVET Adjustment ³	421,271	-	-	-	-	-	-
Fire Districts	635,357	-	-	421,271	-	421,271	(214,086)
Total	\$304,623,653	\$49,201,412	\$12,384,458	\$234,712,302	\$13,593,868	\$309,892,039	\$5,268,387

¹SRL: Statewide Reference Library Resources Grant²ILG: Grant-in-Aid to Institutional Libraries³Up to \$500,000 in total to be provided as a supplemental payment per proposed RIGL 44-34.1-5 for municipalities and fire districts that would have had a motor vehicle levy above their FY 2018 Baseline in FY 23 and that also budgeted for this additional revenue, subject to review and certification by the Department of Revenue.⁴Total Library Grant-in-Aid includes \$2.1 million in Library Construction Aid

MUNICIPAL AID: INDIRECT AID**FY2024- Indirect Municipal Aid to Cities and Towns**

Municipality	FY2023 Enacted	Public Service Corp. Tax	Hotel Tax	Meals and Beverage Tax	Airport Impact Fees¹	FY2024 Enacted	<i>Change from</i>
							<i>FY2023 Enacted</i>
Barrington	\$411,247	\$199,439	\$5,161	\$191,552	-	396,153	(\$15,094)
Bristol	923,004	273,410	98,866	646,702	-	1,018,978	95,974
Burrillville	448,604	206,687	278	270,157	-	477,122	28,518
Central Falls	407,725	240,792	508	205,268	-	446,567	38,842
Charlestown	376,425	97,025	91,961	225,535	-	414,521	38,096
Coventry	1,084,207	430,457	127,526	612,878	-	1,170,861	86,654
Cranston	3,410,325	1,006,575	53,344	2,676,606	-	3,736,525	326,200
Cumberland	1,049,801	433,343	1,068	706,596	-	1,141,007	91,206
East Greenwich	1,017,849	162,262	3,830	941,538	-	1,107,631	89,782
East Providence	1,925,658	587,726	90,672	1,398,079	-	2,076,477	150,819
Exeter	218,865	83,138	479	154,616	-	238,233	19,368
Foster	83,569	58,498	2,086	26,624	-	87,208	3,639
Glocester	225,001	126,386	4,826	107,452	-	238,663	13,662
Hopkinton	165,699	100,469	3,127	70,685	-	174,281	8,582
Jamestown	209,067	68,061	54,506	102,829	-	225,397	16,330
Johnston	1,221,048	363,300	14,257	991,132	-	1,368,689	147,641
Lincoln	1,328,131	269,979	173,927	979,564	25,000	1,448,469	120,338
Little Compton	143,404	43,310	38,763	69,776	-	151,848	8,444
Middletown	2,410,544	197,990	1,545,749	1,041,251	35,601	2,820,590	410,046
Narragansett	1,330,835	191,412	400,791	919,239	-	1,511,442	180,607
Newport	6,173,869	305,954	3,781,685	3,285,057	-	7,372,696	1,198,827
New Shoreham	1,214,466	10,790	855,114	537,747	47,267	1,450,918	236,452
North Kingstown	1,253,898	325,676	166,894	849,110	64,642	1,406,322	152,424
North Providence	908,767	403,017	4,963	591,602	-	999,581	90,814
North Smithfield	542,956	154,581	5,313	441,066	-	600,960	58,004
Pawtucket	2,139,574	889,741	127,036	1,319,962	-	2,336,739	197,165
Portsmouth	575,442	214,714	36,613	391,133	-	642,461	67,019
Providence	11,158,331	2,223,355	2,503,041	7,609,925	-	12,336,322	1,177,991
Richmond	285,480	95,675	23,963	200,029	-	319,667	34,187
Scituate	219,892	132,171	10,222	92,626	-	235,019	15,127
Smithfield	1,471,923	269,260	233,246	1,136,445	25,000	1,663,951	192,028
South Kingstown	1,719,047	379,714	314,814	1,228,189	-	1,922,717	203,670
Tiverton	547,377	194,868	22,497	401,895	-	619,259	71,882
Warren	520,680	129,780	2,802	458,360	-	590,942	70,262
Warwick	6,625,637	1,003,986	1,506,307	4,005,004	742,618	7,257,915	632,278
Westerly	2,435,166	278,749	1,267,553	1,269,701	59,974	2,875,978	440,812
West Greenwich	372,159	78,009	167,939	169,681	-	415,629	43,470
West Warwick	1,002,051	358,481	183,496	552,204	-	1,094,181	92,130
Woonsocket	1,268,489	515,552	77,883	787,809	-	1,381,245	112,756
Total	\$58,826,212	\$13,104,333	\$14,003,106	\$37,665,625	\$1,000,102	\$65,773,166	\$6,946,954

¹Airport Impact Aid is based on Calendar Year 2021 landing data that was made available in May 2022. Final FY2024 distribution amounts will be adjusted based upon updated data in May 2023.

EDUCATION AID

District	FY2024 Enacted Education Aid ¹									
	FY2023 Enacted (excludes group home and categoricals)	FY2024 Formula Change	Enrollment Transition Fund	Poverty Loss Stabilization Fund	Transportation	High-cost Special Education (>\$66,506)	Group Home Aid ²	English Learners	Stabilization Funding	FY2024 Aid
Barrington	\$8,549,881	\$1,797,118	\$45,320	\$0	\$290,714	\$405,196	\$0	\$13,017	\$0	\$11,101,246
Burrillville	14,202,416	(1,297,843)	386,447	395,365	19,210	411,319	-	7,706	-	14,124,620
Charlestown	1,341,690	5,989	25,162	-	-	-	-	-	-	1,372,841
Coventry	24,970,883	229,879	650,727	-	48,226	389,170	74,889	12,277	-	26,376,051
Cranston	70,899,984	940,336	543,446	-	634,759	737,192	-	666,535	-	74,422,252
Cumberland	22,111,359	1,928,623	-	-	35,542	207,096	-	76,547	-	24,359,167
East Greenwich	4,603,416	783,479	24,573	-	111,409	557,507	-	4,631	-	6,085,015
East Providence	37,474,787	(1,630,053)	-	1,757,349	3,004	966,004	458,072	157,395	-	39,186,557
Foster	1,114,963	12,374	29,639	-	-	65,389	-	-	-	1,222,365
Glocester	2,525,892	333,551	-	-	-	31,062	-	-	-	2,890,505
Hopkinton	5,826,031	437,694	77,232	-	-	-	-	-	-	6,340,957
Jamestown	303,378	16,183	15,051	-	-	460,064	-	242	-	794,918
Johnston	20,222,498	1,068,621	131,630	-	167,003	692,350	-	146,632	-	22,428,734
Lincoln	16,848,216	(153,442)	-	710,359	-	201,833	83,789	30,767	-	17,721,522
Little Compton	448,877	(169,405)	27,542	55,312	-	-	-	-	-	362,326
Middletown	8,437,018	(1,594,613)	248,440	612,178	-	128,939	-	65,292	-	7,897,254
Narragansett	2,263,400	(280,084)	134,008	40,367	-	97,906	-	539	-	2,256,135
Newport	15,485,382	(1,408,145)	741,630	-	-	62,651	76,500	254,091	-	15,212,110
New Shoreham	219,323	(124,619)	4,592	51,255	-	-	-	1,441	-	151,991
North Kingstown	11,488,078	(345,251)	240,723	348,269	-	162,479	-	27,062	-	11,921,360
North Providence	27,396,780	(42,536)	37,568	507,184	164,940	617,462	119,386	245,272	-	29,046,056
North Smithfield	6,430,600	913,088	75,132	-	27,523	152,557	-	7,735	-	7,606,634
Pawtucket	98,315,617	2,925,015	3,239,496	-	243,621	525,509	79,743	1,845,138	-	107,174,138
Portsmouth	3,182,031	(584,316)	110,168	233,090	-	375,692	275,950	1,073	-	3,593,688
Providence	273,476,554	(11,214,819)	8,103,721	-	502,097	1,955,903	138,359	9,904,518	-	282,866,332
Richmond	5,414,854	249,657	106,015	-	-	-	-	-	-	5,770,526
Scituate	2,447,265	963,515	102,902	-	72,134	130,952	-	829	-	3,717,597
Smithfield	7,203,808	1,499,671	-	-	62,344	77,840	73,562	9,649	-	8,926,874
South Kingstown	4,756,321	307,391	265,354	-	105,682	482,243	-	6,014	-	5,923,005
Tiverton	7,026,480	(1,556,770)	131,959	788,068	-	567,498	-	4,118	-	6,961,353
Warwick	40,874,590	1,910,184	1,084,283	-	26,207	1,669,039	248,975	85,192	-	45,898,470
Westerly	8,313,966	(466,235)	453,990	-	-	459,590	-	19,786	-	8,781,097
West Warwick	32,061,919	5,159,583	477,117	-	47,924	130,042	-	107,066	-	37,983,651
Woonsocket	72,118,992	7,882,781	1,157,678	-	31,673	585,561	-	1,096,065	-	82,872,750
Bristol-Warren ³	11,768,674	(727,882)	413,475	174,223	2,348,584	521,073	100,921	20,385	-	14,619,453
Exeter-West Greenwich ³	4,498,794	354,946	122,224	56,130	1,749,593	374,226	110,250	3,499	-	7,269,662
Chariho	-	-	-	-	2,999,749	178,347	-	6,704	-	3,184,800
Foster-Glocester ³	5,307,321	155,712	91,895	-	877,546	226,783	-	-	-	6,659,257
Central Falls	38,815,845	(1,179,971)	651,703	-	61,119	223,980	-	1,944,498	11,126,174	51,643,349
District Total	\$918,747,883	\$7,099,405	\$19,950,838	\$5,729,149	\$10,630,603	\$14,830,454	\$1,840,396	\$16,771,714	\$11,126,174	\$1,006,726,616
Charter School Total	137,747,584	16,140,975	-	-	-	169,545	-	2,550,466	-	156,608,570
Davies	8,930,775	1,015,057	-	-	-	-	-	19,116	5,775,461	15,740,409
Met School	8,708,054	(110,460)	-	-	-	-	-	72,040	2,013,334	10,682,968
Urban Collaborative	1,693,976	146,121	-	-	-	-	-	24,606	-	1,864,703
Youth Build Academy	1,727,458	165,085	-	-	-	-	-	-	-	1,892,543
Total	\$1,077,555,730	\$24,456,183	\$19,950,838	\$5,729,149	\$10,630,603	\$15,000,000	\$1,840,396	\$19,437,942	\$18,914,969	\$1,193,515,810

¹ Based on March 2023 enrollment updated for projected charter school growth.

² Based on final 12/31/2022 report from the Department of Children, Youth and Families. In the FY2023 Revised Budget, a total of 7 beds were added relative to the enacted level, including 1 in East Providence

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.

Source: Rhode Island Department of Education

COMMUNITY SERVICE OBJECTIVE GRANTS (GENERAL REVENUE FUNDS)

Agency	Grant Recipient	FY2023 Enacted	FY2023 Revised	Change	FY2024 Enacted	Change
Administration	City Year - Whole School Whole Child Program	\$130,000	\$130,000	-	\$130,000	-
Executive Office of Commerce	STAC Research Alliance	900,000	900,000	-	900,000	-
	Polaris Manufacturing Technical Assistance Program	450,000	450,000	-	450,000	-
	East Providence Waterfront Commission	50,000	50,000	-	50,000	-
	Urban Ventures	140,000	140,000	-	140,000	-
	Chafee Center at Bryant	476,200	476,200	-	476,200	-
		\$2,016,200	\$2,016,200	\$0	\$2,016,200	\$0
Labor and Training	Year-Up	\$200,000	\$200,000	\$0	\$200,000	\$0
Secretary of State	Rhode Island Historical Society	125,000	125,000	-	125,000	-
	Newport Historical Society	18,000	18,000	-	18,000	-
	RI Black Heritage Society	-	-	-	25,000	25,000
	RI Council for the Humanities	-	-	-	100,000	100,000
	We the People Civics Challenge	-	-	-	50,000	50,000
		143,000	\$143,000	\$0	\$318,000	\$175,000
Human Services - Office of Health Aging	Diocese of Providence - Elder Services	325,000	325,000	-	325,000	-
	Alliance for Long Term Care Ombudsman Services	40,000	40,000	-	40,000	-
	Elderly Housing Security	85,000	85,000	-	85,000	-
	Elderly Nutrition	50,000	50,000	-	50,000	-
	Meals on Wheels	530,000	530,000	-	630,000	100,000
	Senior Center Support	1,000,000	1,000,000	-	1,200,000	200,000
		\$2,030,000	\$2,030,000	\$0	\$2,330,000	\$300,000
Human Services	Coalition Against Domestic Violence	400,000	400,000	-	400,000	-
	Project Reach - Boys and Girls Club	350,000	350,000	-	450,000	100,000
	RI Alliance of Boys and Girls Clubs (one-time)	750,000	750,000	-	-	(750,000)
	Day One	267,000	267,000	-	267,000	-
	RI Community Food Bank	450,000	450,000	-	550,000	100,000
	Crossroads Rhode Island	500,000	500,000	-	500,000	-
	Institute for the Study and Practice of Nonviolence	250,000	250,000	-	250,000	-
	Operation Stand Down	-	-	-	50,000	50,000
	Veterans' Organizations	200,000	200,000	-	200,000	-
	Veterans' of Foreign Wars VSO Program	-	-	-	100,000	-
	Community Action Fund	600,000	600,000	-	600,000	-
	Community Action Fund- Pandemic Relief	1,400,000	1,400,000	-	-	(1,400,000)
	Higher Ground International	50,000	50,000	-	75,000	25,000
	Center for Southeast Asians	-	-	-	25,000	25,000
	Refugee Dream Center	50,000	50,000	-	50,000	-
		\$5,267,000	\$5,267,000	\$0	\$3,517,000	(\$1,750,000)
Education	Hasbro Children's Hospital - Hospital School	90,000	90,000	-	90,000	-
	Child Opportunity Zones	395,000	395,000	-	395,000	-
		\$485,000	\$485,000	\$0	\$485,000	\$0
Office of Postsecondary Commissioner	Rhode Island College Crusade	355,000	355,000	-	355,000	-
	Best Buddies Rhode Island	75,000	75,000	-	75,000	-
	Rhode Island School for Progressive Education	200,000	200,000	-	200,000	-
		\$630,000	\$630,000	\$0	\$630,000	\$0
University of Rhode Island	Small Business Development Center	700,000	700,000	-	700,000	-
	Institute for Labor Studies & Research	100,000	100,000	-	100,000	-
	Special Olympics Rhode Island	50,000	50,000	-	50,000	-
		\$850,000	\$850,000	\$0	\$850,000	\$0
Arts Council	WaterFire Providence	375,000	375,000	-	400,000	25,000
Historical Preservation	Fort Adam's Trust	30,000	30,000	-	30,000	-
	Rhode Island Slave History Medallions	-	-	-	25,000	25,000
Corrections	Crossroads- Sex Offender Discharge Planning	1,050,000	1,050,000	-	1,050,000	-
Judicial	Rhode Island Coalition Against Domestic Violence	230,000	230,000	-	230,000	-
	Rhode Island Legal Services	90,000	90,000	-	90,000	-
		\$320,000	\$320,000	\$0	\$320,000	\$0
Environmental Management	Conservation Districts	50,000	50,000	-	100,000	50,000
	Wildlife Rehabilitators Association	100,000	100,000	-	100,000	-
	Marine Mammal Response Activities	-	-	-	150,000	150,000
		\$150,000	\$150,000	\$0	\$350,000	\$200,000
Grand Total		\$13,676,200	\$13,676,200	\$0	\$12,651,200	(\$1,025,000)

STATE FISCAL RECOVERY FUNDS

Project	Agency	FY2022 Final Enacted (A)	Enacted FY2023 (B)	FY2022 Actuals (C)	FY2022 to FY2023 Re-Appropriation (A-C)	FY2023 Revised (B+(A-C))	FY2024 Recommended	Total
Aid to the Convention Center	Administration	5,000,000	5,000,000	-	5,000,000	10,000,000	-	10,000,000
Auto-Enrollment Program	Administration	-	1,288,710	-	-	1,288,710	1,325,358	2,614,068
Electric Heat Pump Grant Program	Administration	-	5,000,000	-	-	5,000,000	20,000,000	25,000,000
Health Care Facilities	Administration	-	77,500,000	-	-	77,500,000	-	77,500,000
Nonprofit Assistance	Administration	-	20,000,000	-	-	20,000,000	-	20,000,000
Ongoing COVID-19 Response	Administration	-	73,000,000	-	-	2,000,000	78,097,287	80,097,287
Pandemic Recovery Office	Administration	7,011,307	4,948,839	6,093,604	917,703	5,866,542	6,918,788	18,878,934
Municipal Public Safety Infrastructure	Administration	-	-	-	-	-	11,000,000	11,000,000
Woonsocket Public Safety Complex	Administration	-	-	-	-	-	-	-
9-8-8 Hotline	BHDDH	\$0	\$1,875,000	\$0	\$0	\$1,875,000	\$1,600,000	\$3,475,000
Crisis Intervention Trainings	BHDDH	-	550,000	-	-	550,000	1,650,000	2,200,000
Assistance to Impacted Industries	Commerce	13,328,000	-	8,199,000	5,129,000	5,129,000	-	13,328,000
Bioscience Investments	Commerce	-	5,000,000	-	-	-	45,000,000	45,000,000
Blue Economy Investments	Commerce	-	10,000,000	-	-	-	-	-
Destination Marketing	Commerce	-	1,500,000	-	-	1,500,000	1,500,000	3,000,000
Minority Business Accelerator	Commerce	-	2,000,000	-	-	2,000,000	4,000,000	6,000,000
Small Business Assistance	Commerce	31,672,000	-	18,414,432	13,257,568	13,257,568	-	31,672,000
South Quay Marine Terminal	Commerce	-	12,000,000	-	-	-	35,000,000	35,000,000
Statewide Broadband Planning and Mapping	Commerce	500,000	-	269,200	230,800	230,800	-	500,000
Foster Home Lead Abatement & Fire Safety	DCYF	-	1,500,000	-	-	1,500,000	375,000	1,875,000
Provider Workforce Stabilization	DCYF	12,500,000	2,500,000	6,827,796	5,672,204	8,172,204	7,920,766	22,920,766
Psychiatric Residential Treatment Facility	DCYF	-	12,000,000	-	-	12,000,000	-	12,000,000
Butler Hospital Short Term Stay Unit	EOHHS	-	8,000,000	-	-	8,000,000	-	8,000,000
Certified Community Behavioral Health Clinics	EOHHS	-	30,000,000	-	-	30,000,000	-	30,000,000
Early Intervention Recovery	EOHHS	5,500,000	5,500,000	4,051,215	1,448,785	6,948,785	-	11,000,000
Pediatric Recovery	EOHHS	7,500,000	7,500,000	5,965,100	1,534,900	9,034,900	-	15,000,000
Public Health Clinics	Health	-	4,000,000	-	-	4,000,000	-	4,000,000
Affordable Housing Predevelopment Program	Housing	-	2,500,000	-	-	2,500,000	7,500,000	10,000,000
Development of Affordable Housing	Housing	15,000,000	30,000,000	14,740,825	259,175	30,259,175	55,000,000	100,000,000
Down Payment Assistance	Housing	-	10,000,000	-	-	10,000,000	20,000,000	30,000,000
Home Repair and Community Revitalization	Housing	-	15,000,000	-	-	15,000,000	9,500,000	24,500,000
Homelessness Assistance Program	Housing	1,500,000	7,000,000	-	1,500,000	8,500,000	13,000,000	21,500,000
Homelessness Infrastructure	Housing	-	-	-	-	15,000,000	30,000,000	45,000,000
Predevelopment and Capacity Building	Housing	500,000	500,000	78,609	421,391	921,391	500,000	1,500,000
Preservation of Affordable Housing Units	Housing	-	-	-	-	-	500,000	500,000
Municipal Planning	Housing	-	-	-	-	-	2,300,000	2,300,000
Proactive Housing Development	Housing	-	-	-	-	-	1,400,000	1,400,000
Site Acquisition	Housing	12,000,000	3,000,000	6,000,000	6,000,000	9,000,000	10,000,000	25,000,000
Statewide Housing Plan	Housing	-	2,000,000	-	-	2,000,000	-	2,000,000
Municipal Homeless Support	Housing	-	-	-	-	-	2,500,000	2,500,000
Targeted Housing Development	Housing	-	-	-	-	-	31,000,000	31,000,000
Workforce Housing	Housing	-	12,000,000	-	-	12,000,000	8,000,000	20,000,000
Housing Related Infrastructure	Housing	-	-	-	-	-	4,300,000	4,300,000
Child Care Support	Human Services	19,000,000	21,283,000	12,624,421	6,375,579	12,658,579	16,717,000	42,000,000
RI Community Food Bank	Human Services	-	-	-	-	-	3,000,000	3,000,000
Enhanced Real Jobs	Labor and Training	-	10,000,000	-	-	10,000,000	20,000,000	30,000,000
Unemployment Insurance Trust Fund Contribution	Labor and Training	-	100,000,000	-	-	100,000,000	-	100,000,000
RI Reconnects	OPC	-	-	-	-	-	8,000,000	8,000,000
OPC - RIC Cyber Center	OPC- RIC	-	-	-	-	-	2,000,000	2,000,000
OPC - RIC Hope Scholarship	OPC- RIC	-	-	-	-	-	-	-
OPC- CCRI Fresh Start	OPC-CCRI	-	-	-	-	-	5,000,000	5,000,000
URI- PFAS	URI	-	-	-	-	-	20,000,000	20,000,000
Support for Survivors of Domestic Violence	Public Safety	-	3,500,000	-	-	3,500,000	7,000,000	10,500,000
Port of Davisville	QDC	-	6,000,000	-	-	6,000,000	59,000,000	65,000,000
Adult Education Providers	RIDE	-	2,000,000	-	-	2,000,000	3,000,000	5,000,000
Out-of-School Time Learning Grants/ Municipal Learning Centers	RIDE	-	-	-	-	-	4,000,000	4,000,000
Municipal Roads Grant Program	Transportation	-	-	-	-	-	20,000,000	20,000,000
RIPTA R-Line Free Service Pilot	Transportation	-	2,500,000	-	-	2,500,000	750,000	3,250,000
Turnpike and Bridge Authority – Safety Barriers Study	Transportation	-	1,000,000	-	-	1,000,000	750,000	1,750,000
Totals		\$131,011,307	\$518,945,549	\$83,264,203	\$47,747,104	\$468,692,653	\$579,104,199	\$1,131,061,055

Senate Fiscal Office

Stephen H. Whitney

Senate Fiscal Advisor

Emmery Brakke-Lautman

Legislative Fiscal Analyst I

Arts Council
Behavioral Healthcare, Developmental
Disabilities, and Hospitals
Children, Youth, and Families
Child Advocate
Mental Health Advocate

Robert C. Bromley

Senior Legislative Fiscal Analyst

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

Kelly M. Carpenter

Senior Legislative Fiscal Analyst

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

MaKenzie Pratt

Legislative Fiscal Analyst I

Business Regulation
Commission on Deaf and Hard of Hearing
Ethics Commission
Health
HealthSource RI
Human Services

David Schultz

Legislative Fiscal Analyst I

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

David Tremblay

Deputy Senate Fiscal Advisor

Executive Office of Commerce
Department of Housing
Legislature
Revenue
RI Commerce Corporation
RIHMFC (RI Housing)

