



SENATE FISCAL OFFICE
REPORT

FY2025 BUDGET: CHANGES TO THE GOVERNOR

**2024-H-7225 SUBSTITUTE A
AS PASSED BY THE HOUSE FINANCE COMMITTEE**

JUNE 4, 2024

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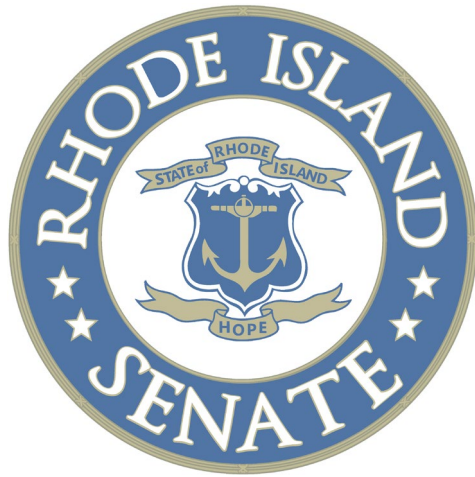
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EXECUTIVE SUMMARY

Executive Summary

The Budget represents the \$13.9 billion spending plan for the State for the fiscal year ending June 30, 2025, (FY2025). Also included is the revised spending plan for the current fiscal year ending June 30, 2024, (FY2024). The Budget Reserve and Cash Stabilization Account (Rainy Day Fund) would be fully-funded \$288.4 million. The following document summarizes key budget initiatives and changes.

Expenditures by Source	FY2024 Enacted	FY2024 Governor	FY2024 Supp.	Change to Enacted	FY2025 Governor	FY2025 Budget	Change to Enacted
General Revenue	\$5,425.1	\$5,378.9	\$5,334.9	(\$90.2)	\$5,500.1	\$5,593.7	\$168.6
Federal Funds	5,643.0	5,793.7	5,608.3	(34.7)	4,929.2	5,052.4	(590.7)
Restricted Receipts	392.1	443.0	435.7	43.5	450.9	462.3	70.2
Other Funds	2,550.6	2,793.4	2,753.6	203.1	2,795.9	2,838.7	288.1
Total	\$14,010.8	\$14,409.1	\$14,132.5	\$121.7	\$13,676.1	\$13,947.1	(\$63.7)
FTE Authorization	15,636.9	15,652.8	15,652.8	15.9	15,725.8	15,772.8	135.9

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

GENERAL REVENUE SURPLUS STATEMENT

	FY2023 Audited	FY2024 Enacted	FY2024 Supplemental	FY2025 Budget
Opening Surplus				
Free Surplus	\$209,649,745	\$368,706,714	\$412,262,966	\$272,233,698
Adjustment to Opening Surplus	\$270,762,495	\$5,055,846	\$14,717,153	
Reappropriated Surplus	19,442,046		45,152,130	
Subtotal	\$499,854,286	\$373,762,560	\$472,132,249	\$272,233,698
Total Revenues	\$5,212,664,935	\$5,276,275,288	\$5,373,600,000	\$5,495,202,438
To Cash Stabilization Fund	(162,669,440)	(169,349,460)	(173,575,889)	(173,023,084)
From Cash Stabilization Fund				
Total Available Resources	\$5,549,849,781	\$5,480,688,388	\$5,672,156,360	\$5,594,413,052
Total Expenditures	5,074,929,254	5,425,140,429	5,334,922,662	5,593,741,490
Total Surplus	474,920,527	55,547,959	337,233,698	671,562
Transfer to Supp. State Budget Reserve Fund	(6,530,493)	(55,000,000)	(55,000,000)	
Repeal transfer to SRD/Homelessness			(10,000,000)	
Free Surplus	412,262,966	\$547,959	\$272,233,698	\$671,562
Rainy Day Fund	\$271,115,733	\$282,249,100	\$289,293,148	\$288,371,807

REVENUE CHANGES:

- **May Revenue Estimating Conference:** Increase revenue based on the impact of the May 2024 Revenue Estimating Conference (REC). The estimates result in an increase in revenue of \$47.3 million in FY2024 and \$10.6 million in FY2025 as compared to the Governor
- **E-Cigarettes:** Imposes a tax on electronic nicotine delivery system (ENDS) products, also known as e-cigarettes, and establishes a licensing, enforcement, and collection regime within the Division of Taxation. As written in Article 6, the tax is levied as a combination of 10.0 percent of the wholesale price, and \$0.50 per milliliter of ENDS liquid. The Governor had proposed a tax of 80.0 percent of the wholesale cost of the product. This results in \$3.0 million less in revenue compared to the Governor's proposal.
- **Elimination of Proposed Corporate Minimum Tax Reduction:** Eliminates the Governor's proposal to reduce the minimum business corporation tax from \$400 to \$350. The change results in an increase of \$2.5 million in revenue.
- **Homelessness Assistance Funding:** Transfers \$10.0 million in surplus general revenue to a restricted receipt fund administered by the Housing Resources Commission in conjunction with the Department of Housing.
- **Elimination of Proposed Supplemental Rainy-Day Fund Funding Stream:** Eliminates the Governor's proposal to remove the requirement that 50.0 percent of excess general revenue, net of the transfer to the State Budget Reserve and Cash Stabilization account, be transferred to the Supplemental Rainy-Day Fund. The transfer is estimated to be \$6.5 million in FY2024.
- **Municipal Infrastructure Matching Pool Transfer:** Increases the amount of funds to be transferred from the Municipal Infrastructure Matching Pool to the general fund from \$2.4 million to \$5.5 million.

STATEWIDE:

- **Pension Plan Revisions:** Amends the retirement statutes for state employees, teachers, and municipal employees. Together these changes and revisions increase the State's employer annual required contribution (ARC) by \$27.5 million in all funds for FY2025, of which \$20.6 million is general revenue \$3.6 million is federal, \$1.1 million is in restricted receipts, and \$2.2 million in other funds. Adjustments include:
 - COLA Restoration for Pre-July 1, 2012 Retirees
 - Reduces the COLA threshold from 80.0 percent to 75.0 percent
 - Reduces Final Average Salary Computation from 5-years to 3-years
 - State Employee Public Safety Professionals Parity to MERs
 - Post-retirement Employment Earnings
 - 90-Day Substitute Teacher Provisions
 - Post-retirement Employment Contributions

GENERAL GOVERNMENT:

- **Statewide Facility Master Plan:** The Budget adds \$500,000 in RICAP funds to prepare a report of all current property owned or leased by the state or leased by any state agency. The first report is due February 15, 2025.

- **FEMA Contingency Reserve:** Shifts the \$5.0 million contingency reserve funding from FY2024 to FY2025 for FEMA reserve and contingency payments in the event that the federal FEMA reimbursements for COVID-19 response costs differ from the State estimation and assumptions.
- **Clean Transportation Projects:** Adds \$2.0 million in restricted receipts within the Office of Energy Resources to be allocated to the State's existing electric vehicle (EV) rebate program and a new EV charging adapter pilot program for residential EV charging.
- **Reverse Personnel Adjustments and Cost Shift to RICAP:** Restores \$1.7 million in general revenue personnel costs at DCAMM that were removed by the Governor to reflect a policy change to charge project manager personnel costs for approximately 10.5 FTE positions, directly to the RICAP project costs.
- **Wrongful Conviction Awards:** Includes \$561,446 in general revenue reflecting the shift of projected costs from FY2024 to FY2025 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. This will increase available funding to \$811,446.
- **E-Bike Program:** Decreases general revenue by \$250,000 for the Erika Niedowski Memorial E-Bike Rebate Program, leaving \$250,000 for FY2025. The Erika Niedowski Memorial E-Bike Program provides a standard rebate between \$350 or 30.0 percent (whichever is less) of the final purchase price of an electric bike, if eligible for an income qualified rebate between \$750 or 75.0 percent (whichever is less) of the final purchase price.
- **Electric Leaf Blower Rebates:** Adds \$250,000 in general revenue to fund a new electric leaf blower rebate program, administered through the Office of Energy Resources, to encourage commercial landscapers to use zero-emission technology to reduce air and noise pollution.
- **Rhode Island 250th Anniversary Commission:** Includes an additional appropriation of \$150,000 in general revenue to the Secretary of State to support the work of the Rhode Island Semiquincentennial Commission commemorating the 250th Anniversary of the founding of the United States.
- **Election Operating Costs:** Adds \$140,000 in general revenue to adequately cover election costs of the Agency including ballot printing, postage for mail in ballots and voter list maintenance, as well as to cover advertising expenses to inform voters about the upcoming statewide election.
- **RICAP – Rhode Island Archives and History Center:** Adds \$500,000 in RICAP funds to cover analysis site selection option costs in FY2025 for a new Rhode Island Archives and History Center. This reflects a decrease of \$3.3 million from the Governor's proposed FY2025 Budget.
- **Medical Debt Purchase:** Increases by \$1.0 million in general revenue to establish a Medical Debt Relief Program to be administered by the Office of the General Treasurer for the purpose of contracting with a non-profit corporation to purchase, cancel, or otherwise forgive medical debt upon established requirements.
- **Voting Equipment Contract Services:** Adds \$525,658 in general revenue reflecting a new contract for license, maintenance, and support services for voting equipment that was not available at the time the Governor's budget was finalized.
- **Chief Financial Analyst (PUC):** Removes \$156,248 in restricted receipts to fund a new 1.0 Chief Financial Analyst position to assist the Commission in evaluating cases.

ECONOMIC AND WORKFORCE DEVELOPMENT:

- **Washington Bridge Relief for Small Businesses:** Allocates \$2.6 million in federal SFRF funding to provide relief to businesses impacted by the closure of the Washington Bridge. East Providence is

allocated \$1.2 million, with Providence receiving \$800,000, and RI Commerce Corporation receiving \$600,000.

- **Wavemaker Fellowship – Primary Healthcare Professionals:** Expands the eligibility for the Stay Invested in RI Wavemaker Fellowship program to include primary care healthcare practitioners, including medical doctors, nurse practitioners, and physician assistants. The Budget includes \$500,000 in FY2025 to fund a cohort of Wavemaker fellows that are eligible under a newly expanded healthcare classification.
- **Reauthorization of Incentives:** Reauthorizes 16 economic development incentives, including the Motion Picture; Musical and Theatrical Productions; Historic Preservation tax credit programs.
- **RI Small Business Development Fund Program (SBDF):** Places several new limitations on the RI Commerce Corporation’s SBDF program, including reducing the program’s total cap from \$65.0 million to \$40.0 million in capital investments and establishing a sunset date of June 30, 2024.
- **Elimination of Federal SFRF Funding for South Quay:** Eliminates federal funding for the South Quay Marine Terminal project. The project was allotted \$35.0 million in American Rescue Plan Act State Fiscal Recovery Funds (ARPA SFRF) through FY2024 to help finance the build-out of the new port facilities at South Quay. Due to a lack of timely available matching funds, the Budget eliminates funding for this project.

HOUSING:

- **Housing and Community Opportunity Bond:** Authorizes \$120.0 million in general obligation bonds to be placed on the ballot for voter approval in November 2024 for various initiatives related to housing production and infrastructure, community revitalization, and homeownership.
- **ARPA SFRF: Homelessness Assistance Program (federal funds):** Shifts \$17.3 million in State Fiscal Recovery Funds (SFRF) from three projects in FY2024 to the Homelessness Assistance Program in FY2025.
- **Housing Resources and Homelessness Fund (restricted receipts):** Provides \$5.0 million in FY2025 to recapitalize the existing Housing Resources Commission Fund. The adjustment renames the fund the Housing Resources and Homelessness Fund and shifts oversight of the account to the Department of Housing, in consultation with the Housing Resources Commission, pending the Department’s completion of a new housing organizational plan.

EDUCATION:

- **Education Aid:** Adds \$33.2 million to support the March 2024 enrollment update, the full core amount provided under current law, and an increase in the EL weight from 15.0 percent to 20.0 percent. In addition, Article 8 moves the English learner categorical funding into the funding formula distribution, and repeals the limits on the use of the categorical funds and the requirement for the Department of Elementary and Secondary Education to collect performance reports from districts.
- **Mathematics and ELA Improvement Strategy:** Includes \$5.0 million for state plans for mathematics and English Language Arts (ELA) to be developed by the Department of Elementary and Secondary Education, a reduction of \$10.0 million from the Governor’s recommendation.
- **Career and Technical Education (1.0 FTE position):** Adds \$2.1 million in general revenue to increase career and technical categorical funding from \$4.5 million to \$6.5 million and provide 1.0 new FTE position.
- **Davies - Personnel Correction:** Provides \$676,360 in general revenue for increased personnel costs due to the employee contract that were not included in the recommended budget.

- **University of Rhode Island – Utility Infrastructure Upgrade Phase III:** Approves financing of up to \$9.2 million through a Kushner Resolution for Phase III of URI’s utility infrastructure upgrade project.
- **URI Biomedical Science Building:** Outlines terms and processes for a general obligation bond totaling \$87.5 million to support the construction of URI’s biomedical science building, which will be placed on the November 2024 ballot.
- **RIC Institute for Cybersecurity and Emerging Technologies:** Outlines terms and processes for a general obligation bond totaling \$87.5 million to support the construction of RIC’s Institute for Cybersecurity and Emerging Technologies, which will be placed on the November 2024 ballot.
- **Foster Care Youth Scholarships:** Includes \$1.1 million in SFRF funding to support a last dollar scholarship program for the Department of Children, Youth, and families foster care youth exiting the system to attend Rhode Island College.
- **Hope Scholarship Extension:** Extends the Hope Scholarship at Rhode Island College for two additional years.

LOCAL/MUNICIPAL ISSUES AND AID:

- **Tangible Tax Exemption Initiative:** Modifies the methodology of calculating the amount of revenue municipalities lose due to the statewide tangible tax exemption. The calculation determines the amount to be reimbursed to cities and towns through state aid.
- **Full Funding for Library Aid:** Provides \$14.1 million in library aid, fully funding the program at the 25.0 percent statutory rate.
- **Municipal Infrastructure Grant Program:** Provides an additional \$3.0 million in funding for the State’s Municipal Infrastructure Grant (MIG) program. The MIG program provides grants to municipalities for design, construction, building, land acquisition, rehabilitation, repair, and other improvements to publicly owned infrastructure.

HEALTH AND HUMAN SERVICES:

- **OHIC Rate Increase:** Includes an additional \$106.6 million in all funds to fully implement new rates within the Department of Behavioral Health Care, Developmental Disabilities, and Hospitals (BHDDH), The Executive Office of Health and Human Services (EOHHS), and the Department of Human Services (DHS). Of these funds \$41.6 million derive from general revenue and \$64.9 million are federal funds.
- **Procurement of Placement and Home-Based Services Increase:** Adds \$20.6 million in general revenue for additional funding for the ongoing contract negotiations with foster and congregate care placement and community-based providers at DCYF.
- **ARPA SFRF: Workforce Stabilization (federal funds):** Increases State Fiscal Recovery Funds (SFRF) by \$1.2 million to extend workforce stabilization payments within DCYF which were initially intended to end in FY2024.
- **Rhode Island Works:** The budget makes numerous changes to Rhode Island Works including:
 - **Benefit Increase:** Increases the Rhode Island Works monthly benefit by 20.0 percent. Now providing a family of 3 with \$990/month rather than \$825/month.
 - **Earned Income Disregard:** Amends the income section of the RI Works program, to increase the monthly earned income disregard from \$ 300 to \$525 of gross earnings.

- **Full Family Sanction Elimination:** Eliminates full family sanctions within the Rhode Island Works Program, now sanctioning only the parent and reducing the payment by the parent's portion of the benefit, while still keeping the child on the benefit.
- **Child Care Assistance Program (CCAP):** The Budget makes numerous changes to the CCAP program including:
 - **Rate Increase:** Increases reimbursement rates for center-based child care providers across all age groups and tiers by 5.0 percent.
 - **Eligibility Increase to 261%:** Increases the income limit for eligible families from 200.0 percent to 261.0 percent of the federal poverty level (FPL).
 - **Child Care for Child Care Workers Pilot Extension:** Extends the Child Care for Child Care Workers Pilot for one year, from July 1, 2024, to July 1, 2025.
- **Primary Care Training Sites:** Establishes primary care training sites and the Office of Primary Care Training within the Department of Health.
- **Health Equity Zones:** Includes \$900,000 in restricted receipts to support the Department's Health Equity Zone initiative.
- **DD Independent Facilitators (18.0 FTEs):** Increases general revenues by \$959,394 to provide funding for an additional 18.0 FTE positions at BHDDH related to conflict-free case management and compliance with the federal consent decree.
- **Group Home Facilities (restricted receipts):** Increases restricted receipts by \$100,000 within to reflect the capitalization of the newly created Group Home Facility Improvement Fund within the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals.
- **Office of the Child Advocate Staffing Expansion (3.0 FTEs):** Provides \$250,000 and an increase of 3.0 FTE to the Office of the Child Advocate's FTE authorization to provide funding for a new investigator, case manager, and an attorney.
- **DSH Payment to Eleanor Slater Hospital:** Provides \$3.1 million in general revenue and \$3.9 million in federal funds to support Disproportionate Share Hospital (DSH) payments to offset uncompensated care costs for services provided by Eleanor Slater Hospital.
- **Ladders to Licensure:** Includes \$750,000 in general revenue to fund the first year of the Ladders to Licensure initiative at the Executive Office of Health and Human Services (EOHHS), a three-year, \$5.0 million grant program.
- **Ambulatory Dental Rates:** Provides \$352,080 in general revenue and \$447,920 in in federal funds to increase Medicaid reimbursement rates for dental procedures performed in an ambulatory surgical center at 95.0 percent of the rates listed on the Medicare Part B Hospital Outpatient Prospective Payment System (OPPS) as of January 1, 2024.
- **Hospital Care Transitions Initiative:** Includes \$250,000 in general revenue (\$500,000 all funds) to continue the operation of the Hospital Care Transitions Initiative (HCTI).
- **Nursing Facility Conversion Assistance:** Provides \$225,000 in general revenue to support nonprofit nursing facilities in converting licensed nursing home beds to assisted living beds.
- **Chiropractic Rates:** includes \$177,358 in general revenue and \$380,034 in federal funds, a total of \$557,392 all funds, to increase rates for chiropractic services delivered through the Medicaid program.

- **Adult Dental Shift into Managed Care:** Article 9 empowers the Secretary of Health and Human Services to seek a state plan waiver to expand the RIte Smiles managed care program to include adults and additional services, beginning January 1, 2025.
- **Home Modification Program:** Includes \$765,304 in general revenue for continued funding of the Livable Homes Modification Program to fund home improvements that allow people to stay in their homes longer and avoid costly nursing home stays.

PUBLIC SAFETY:

- **State Police Training Academy (Public Safety):** Includes \$1.2 million of general revenue to fund a State Police Training Academy in FY2025.
- **Legal Staff Enhancement (Office of the Public Defender):** Adds \$750,000 in general revenue to increase attorney salaries within the Office of the Public Defender in efforts to resolve retention and recruitment concerns.
- **RI Coalition Against Domestic Violence (Judiciary):** Includes an additional \$270,000 in general revenue (\$500,000 total) for the community service grant to the Rhode Island Coalition Against Domestic Violence.
- **Military Funeral Honors Program (Military Staff):** Adds \$169,665 in general revenue for the two non-FTE active-duty RI National Guard staff to augment the daily staffing of the Military Funeral Honors Program.
- **Correctional Industries (Department of Corrections):** Revises the rules and regulations for Correctional Industries to allow nonprofit organizations to place orders and require all orders to pay 50.0 percent of estimated cost at the time orders are placed.

ENVIRONMENT:

- **Green Economy Bond:** Article 5 includes a \$53.0 million general obligation bond authorization to be placed on the November 2024 ballot for environmental and recreational purposes.

Green Economy Bonds

<i>Port of Davisville Infrastructure at Quonset</i>	\$15.0
<i>Climate Resiliency and Public Access Projects</i>	2.0
<i>Brownfields Remediation and Economic Development</i>	5.0
<i>Local Recreation Projects</i>	5.0
<i>Municipal Resiliency</i>	10.0
<i>Newport Cliff Walk</i>	3.0
<i>Agriculture Land Preservation Commission</i>	5.0
<i>Open Space Program</i>	3.0
<i>Forests and Habitat Management</i>	5.0

- **Local Agriculture and Seafood (LASA) Grants:** Reduces funding by \$200,000, leaving a balance of \$500,000. Program need has consistently outpaced the available funding and there is no other source of funding for this program.
- **Forestry Staffing (2.0 FTE positions):** Includes \$180,416 in general revenue to support 2.0 new FTE forest ranger positions
- **Conservation Districts:** Provides an additional \$80,000 (\$180,000 total) to line-item grant award for the Conservation Districts.

- **Coastal Resiliency Planning:** Provides \$750,000 to fund the development of a statewide coastal resiliency plan, with the Rhode Island Infrastructure Bank administering in partnership with DEM, municipalities, and CRMC.

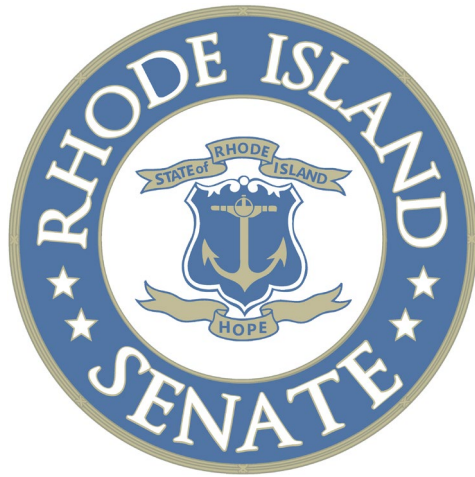
TRANSPORTATION/TRANSIT:

- **Washington Bridge (Department of Transportation):** Includes a \$455.2 million to fund the demolition and reconstruction of the Washington Bridge. The Budget includes \$83.6 million of state funds, including ARPA, RICAP, and excess motor fuel and HMA funds, as a match to unlock \$371.6 million in federal funds. The following table compares the Governor’s proposal with the Budget’s proposal.

Funding Source	Governor	Budget
<i>State Match</i>		
ARPA SFRF	\$20.0	\$35.0
Motor Fuel Revenue Bonds	40.0	-
Undetermined Other Funds	23.6	-
RICAP Funds	-	45.0
Excess Gas Tax and HMA Funds	-	3.6
Sub-Total	\$83.6	\$83.6
<i>Federal Funds</i>		
GARVEE Bond Issuance	\$334.6	\$334.6
Residual Federal Funds	37.0	37.0
Sub-Total	\$371.6	\$371.6
Grand Total	\$455.2	\$455.2

\$ in millions.

- **RIPTA Operating Grant (Department of Transportation):** Adds \$5.0 million of ARPA SFRF, for a total amount of \$15.0 million, to assist RIPTA in resolving their \$18.1 million FY2025 deficit.
- **Municipal Roads Grant Program (Department of Transportation):** Adds \$2.0 million of ARPA SFRF, for a total FY2025 amount of \$7.0 million, for municipalities to improve their roads and sidewalks. Participating municipalities must contribute 67.0 percent of improvement costs with the State matching the remaining 33.0 percent.
- **RIPTA Efficiency Review (Department of Transportation):** Extends the deadline for RIPTA to submit an efficiency review of its transit operations from January 1, 2025, to March 1, 2025 to the Governor, Speaker of the House of Representatives, and the President of the Senate.



FY2025 BUDGET

FY2025 Revenue Changes

May 2024 REC

\$10.6 million

The May 2024 Revenue Estimating Conference (REC) increased its business taxes revenue estimate from November by \$43.6 million (with significant increases in business corporation tax and bank excise collections - \$30.7 million and \$10.3 million, respectively). Sales taxes collections were revised upwards by \$19.5 million. These gains are offset by a \$53.6 million reduction in personal income tax revenue. These adjustments, along with other offsets and increases in other revenue sources (lottery, excise taxes, etc.), net the overall \$10.6 million increase above the Governor's proposal.

EOHHS and BHDDH Initiatives

\$9.9 million

The Budget modifies several Executive Office of Health and Human Services and Department of Behavioral Healthcare, Developmental Disabilities, and Hospital initiatives originally proposed by the Governor, increasing available revenues by \$9.9 million.

- **Eleanor Slater DSH Payment:** The Budget recognizes a \$7.0 million increase in the payment related to uncompensated care at the Eleanor Slater Hospital as compared to the Governor's FY2025 Budget, revenues are increased accordingly.
- **Eleanor Slater Hospital License Fee:** The FY2025 Budget imposes a fee of 5.25 percent of the Eleanor Slater Hospital's 2023 revenues. This is estimated to increase departmental receipts revenue by \$2.9 million in FY2025.
- **Group Home Facility Improvement Fund:** Article 2 of the FY2025 Budget establishes a new fund for the purposes of system-wide improvement of State-owned group homes. The fund is capitalized through the sale of existing State-owned group homes that are no longer being used. The Budget also transfers \$100,000 of general revenue to capitalize this new restricted receipt fund.

E-Cigarettes

(\$3.1 million)

Article 6 of the Budget imposes a tax on electronic nicotine delivery system (ENDS) products, also known as e-cigarettes, and establishes a licensing, enforcement, and collection regime within the Division of Taxation. As written in Article 6, the tax is levied as a combination of 10.0 percent of the wholesale price, and \$0.50 per milliliter of ENDS liquid.

The Governor's Budget had recommended that the ENDS products be taxed at 80.0 percent of the wholesale cost of the product, the same as for tobacco products other than cigarettes. This method was estimated to generate \$5.3 million. The alternative method established in the Budget is estimated to generate \$2.2 million in revenue based on a January 1, 2025, start date, \$3.1 million less than the Governor's proposal.

Corporate Minimum Tax Reduction

\$2.5 million

The Budget eliminates the Governor's proposal to reduce the minimum business corporation tax from \$400 to \$350 for tax years beginning on or after January 1, 2025. The tax reduction was estimated to reduce FY2025 collections by \$2.5 million based on a January 1, 2025, start date. The Budget increases revenue by the equivalent amount, accordingly.

FY2025 Expenditure Changes by Agency

STATEWIDE

Pension Plan Revisions

\$20.6 million

The article amends sections of RIGL impacting the retirement statutes for state employees, teachers, and municipal employees. Together these changes and revisions increase the State's employer annual required contribution (ARC) by \$27.5 million in all funds for FY2025, of which \$20.6 million is general revenue \$3.6 million is federal, \$1.1 million is in restricted receipts, and \$2.2 million in other funds.

Adjustments include:

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

COLA Restoration for Pre-July 1, 2012 Retirees: The Budget repeals the statutory requirement establishing an aggregate 80.0 percent threshold before COLAs can be restored to retirees. Once repealed, these members would immediately begin receiving the COLA adjustment per the current statutory provisions. Presently, the statutory COLA limit for members retiring before July 1, 2012 is \$31,026.

Reduces the COLA threshold from 80.0 percent to 75.0 percent: The article also reduces the COLA threshold to reinstate COLAs from the current 80.0 percent funded ratio to 75.0 percent, for members retiring after July 1, 2012.

Reduces Final Average Salary Computation from 5-years to 3-years: The article reverses the statutory calculation for an employee's final average salary formula from a calculation based on the employee's highest five-year average salary to the employee's highest three-year average salary. The General Assembly increased the average calculation from 3 years to 5 years as part of the 2009 pension reforms.

State Employee Public Safety Professionals Parity to MERs: The article provides state employee public safety professionals with the same retirement benefits as those provided to public safety employees within the Municipal Employee Retirement System (MERs). Presently, there are approximately 380 public safety employees (sheriffs, capital police officers, environmental police officers, Quonset firefighters, and juvenile program workers (Training School) that receive the same benefits as state employees. This provides benefit parity between these state employees and those within the police and fire MERs plan. This parity impacts service accrual, retirement age eligibility, and annual retirement benefit.

Effective January 1, 2025, these state employee public safety professionals will contribute 10.0 percent of their compensation to the retirement system and exempts these employees from participating in the defined contribution plan.

Post-retirement Employment Earnings: The article increases the maximum post-retirement employment earnings from \$18,000 to \$25,000 for retired educators that meet certain criteria to resume work as part-time instructors at state colleges, university, or state schools, and earn a maximum gross compensation of \$25,000 per year without a reduction or forfeiture of retirement benefits.

90-Day Substitute Teacher Provisions: The Budget extends the provisions under RIGL 16-16-24.2, regarding post-retirement substitute teaching and post-retirement employment related to statewide staffing, that any teacher, administrator, or staff member may exceed the ninety-day (90) cap on post-retirement employment upon certain conditions. Unless otherwise extended by the General Assembly, this provision will sunset on June 20, 2025.

Post-retirement Employment Contributions: The Budget adds a provision that any retired teacher, administrator, or staff member who, in post-retirement, becomes a substitute teacher shall not be responsible for any contribution to the retirement system. However, the local education authority shall provide the employer's contribution to the retirement system. Unless otherwise extended by the General Assembly, this provision will sunset on June 20, 2025.

DEPARTMENT OF ADMINISTRATION

FEMA Contingency Reserve **\$5.0 million**

The Budget shifts the \$5.0 million contingency reserve funding from FY2024 to FY2025 for FEMA reserve and contingency payments in the event that the federal FEMA reimbursements for COVID-19 response costs 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.

OER – Clean Transportation Projects (restricted receipts) **\$2.0 million**

The Budget adds \$2.0 million in restricted receipts within the Office of Energy Resources. The restricted receipts are provided through the Rhode Island Infrastructure Bank Clean Energy Fund, to be allocated to the State's existing electric vehicle (EV) rebate program and a new EV charging adapter pilot program for residential EV charging.

Reverse Personnel Adjustments and Cost Shift to RICAP **\$1.7 million**

The Budget restores \$1.7 million in general revenue personnel costs at DCAMM. The Governor's FY2025 Budget recommended a net decrease of \$1.7 million that reflected a change to charge project manager personnel costs for approximately 10.5 FTE positions, directly to the RICAP project costs. Presently, the RICAP funds do not pay personnel costs. The Budget funds personnel costs as general revenue, less turnover savings and increases for salary step increases and medical benefit cost increases.

Rhode Island Capital Fund (RICAP) Changes (other funds) **(\$1.1 million)**

The Budget includes a net decrease of \$1.1 million in RICAP funds based on current expenditures and projections on the following various projects:

- **Statewide Facility Master Plan:** The Budget adds \$500,000 in RICAP funds to prepare a report of all current property owned or leased by the state or leased by any state agency. The first report is due February 15, 2025.
- **Old State House:** The Budget adds \$1.5 million in RICAP funds renovations to the old state house that were previously projected at lower costs and to fully comply with the Americans with Disability Act standards.
- **Pastore Center Non-Medical Building Asset Protection:** The Budget adds \$855,000 in RICAP funds for Pastore Center Non-Medical Buildings asset protection expenses related to the chiller at the Department of Labor and Training building and with the Division of Motor Vehicles inspection garage.
- **Pastore Center Medical Building Asset Protection:** The Budget removes \$2.1 million in RICAP funds for Pastore Center Medical Buildings asset protection expenses related to the Benton, Mathias, and Adolph Meyer Hospitals. The reduction was requested by the Administration.

- **Pastore Infrastructure:** Based on Department of Administration’s updated project timelines, the Budget removes \$2.8 million in RICAP funds for FY2025 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.
- **Cranston Street Armory:** The Budget removes \$3.0 million in RICAP funds in FY2025 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 will leave an appropriation of \$250,000 in FY2025. Funding was shifted to other projects as no future use of the facility has been identified.
- **DoIT Information Operations Center:** The Budget includes \$4.0 million in RICAP funds, shifted from FY2024 to FY2025 for HVAC and electrical work at the Information Operations Center located at 50 Service Avenue in the City of Warwick.

Wrongful Conviction Awards

\$561,446

The Budget adds \$561,446 in general revenue reflecting the shift of projected costs from FY2024 to FY2025. 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.

Minority Business Enterprise Recruitment and Certification Initiative

(\$500,000)

The Budget removes \$500,000 in general revenue for the Division of Equity, Diversity, and Inclusion to expand efforts to register and certify minority business enterprises (MBEs) and women business enterprises (WBEs) to increase their participation in state procurements. The Budget includes \$500,000 for a disparity study in FY2025.

Clifford Street (Garrahy) Garage

(\$400,000)

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.

The Governor’s FY2025 Budget includes \$893,339 in general revenue for debt service for the Clifford Street (Garrahy) Parking Garage. The projected debt service and operating costs is \$4.1 million. This is offset by the projected State lease payments of \$3.6 million paid by leased parking space at the garage, leaving a funding gap of approximately \$500,000. This reduces the debt service appropriation by \$400,000 based on updated revenue projections. This results in a revised appropriation of \$493,339 in FY2025.

The capital plan projects that beginning FY2025, the full annual debt service will be paid by the leased parking revenues.

Resource Sharing and State Library Aid

\$380,114

The Budget provides an additional \$380,114 in general revenue to fully fund Resource Sharing State Library Aid at \$11.9 million, which reflects the current law level of 25.0 percent of the second prior fiscal year’s local tax expenditures for library services.

ERP Funding (restricted receipts) (\$300,000)

The Budget removes \$300,000 in restricted receipts that was inadvertently included in the Governor's FY2025 Budget for Enterprise Resource Planning (ERP) maintenance and operation costs. The ERP uses internal service fund expenditures which are included in the Internal Service Program.

E-Bike Program (\$250,000)

The Budget decreases general revenue by \$250,000 for the Erika Niedowski Memorial E-Bike Rebate Program, leaving \$250,000 for FY2025. The Erika Niedowski Memorial E-Bike Program provides a standard rebate between \$350 or 30.0 percent (whichever is less) of the final purchase price of an electric bike, if eligible for an income qualified rebate between \$750 or 75.0 percent (whichever is less) of the final purchase price. There is a limit of two rebates per household.

Electric Leaf Blower Rebates \$250,000

The Budget includes \$250,000 in general revenue to fund a new electric leaf blower rebate program, administered through the Office of Energy Resources. According to documentation from the House Fiscal Advisory Staff, the purpose of the program is to encourage commercial landscapers to use zero-emission technology to reduce air and noise pollution.

DEPARTMENT OF BUSINESS REGULATION**Fire Academy Expansion (RICAP) \$5.1 million**

The Budget shifts \$5.1 million in RICAP funds from FY2024 to FY2025 reflecting project delays and aligns with the Department's FY2024 third quarter report. The fire academy has experienced unprecedented growth in the preparation and training of future municipal firefighters. 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.

OHIC- Rate Review Impact (\$386,136)

Pursuant to the Governor's Budget Amendment dated April 8, 2024, the Budget includes a general revenue decrease of \$386,136, with a corresponding federal funds decrease of \$96,820, resulting in a net decrease of \$482,956. The funding change reflects a correction to the projected Medicaid match.

Vehicle Error Correction (restricted receipts) (\$116,280)

The Budget includes a restricted receipt decrease of \$116,280 to correct an overstated budget item in the FY2025 Governor's recommended budget regarding one-time vehicle purchases.

Turnover Savings (\$100,000)

The Budget removes \$100,000 in general revenue to align with projected turnover surpluses in the Department's third quarter report. The Department has averaged 29.3 vacant FTE positions for the fiscal year.

Fire Academy Battery Fire Training \$60,000

The Budget includes \$60,000 in general revenue to support additional training for firefighter from departments across the State for battery fires in electric vehicles.

DEPARTMENT OF LABOR AND TRAINING**Workers' Compensation Study (\$200,000)**

The Budget removes \$200,000 of general revenue for the Governor's proposed study of the State's Workers' Compensation System.

Executive Climate Change Coordinating Council Projects (restricted receipts) (\$75,000)

Pursuant to Governor's Budget Amendment 22, dated May 23, 2024, the Budget shifts \$75,000 of Regional Greenhouse Gas Initiative (RGGI) restricted receipts from FY2025 to FY2024 for an EC4-related project with the Governor's Workforce Board. The Governor's Budget provides \$75,000 in both FY2024 and FY2025, and the Department anticipates spending the entirety of the funds in FY2024. There is a corresponding increase of \$75,000 in the FY2024 Budget.

DEPARTMENT OF REVENUE**Taxation Staff \$950,000**

The Budget provides an additional \$950,000 in personnel expenditures within the Division of Taxation in FY2025 as compared to the Governor recommendation. The Governor's proposed budget included \$2.3 million in turnover savings within Taxation, or roughly the equivalent of 32.4 full time equivalent (FTE) positions. The Budget restores \$950,000 in turnover, or approximately 13.4 FTE positions.

Lottery Building Renovations (other funds) \$690,000

The Governor recommended \$1.1 million in Lottery Funds and \$850,000 in Rhode Island Capital Plan Funds (RICAP) in FY 2024 to finance improvements to the Lottery building, increasing the office's operational capacity in response to new service offerings such as retail and mobile sports betting and iGaming. The Budget shifts \$690,000 of the RICAP funds to FY2025 based on updated schedules for the renovations.

Warwick Airport Audit \$500,000

The Budget includes an additional \$500,000 in the Department of Revenue to cover State compensation to the City of Warwick for the provision of municipal service to Rhode Island T.F. Green International Airport. RIGL 1-2-17 requires the Rhode Island Airport Corporation (RIAC) to pay the City no less than \$750,000 per year to defray the costs of providing emergency and other municipal services to the airport. It also requires that in the event that the Federal Aviation Administration (FAA) disapproves this payment from the RIAC, that the State shall pay the City \$500,000.

The FAA conducted a financial compliance review in October 2022 and in its findings concluded that the payments to the City for municipal services should be provided on a free of charge basis, pursuant Warwick city ordinances. In its audit report in published in December 2023, the FAA called on RIAC to cease making these payments, triggering statutorily required State payment to take place. This was not included in the Governor's proposed budget.

SECRETARY OF STATE**RICAP – Rhode Island Archives and History Center (other funds) (\$3.3 million)**

The Budget includes \$500,000 in RICAP funds to cover analysis site selection option costs in FY2025 for a new Rhode Island Archives and History Center. This reflects a decrease of \$3.3 million from the Governor's proposed FY2025 Budget.

Rhode Island 250th Anniversary Commission \$150,000

The Budget includes an additional appropriation of \$150,000 in general revenue to support the work of the Rhode Island Semiquincentennial Commission commemorating the 250th Anniversary of the founding of the United States. The additional funding will be used to increase programs, including bringing the visiting Tall Ships to Rhode Island. The FY2025 Budget contains \$324,410, plus 1.0 FTE position, for the project.

Election Operating Costs **\$140,000**

The Budget includes an additional \$140,000 in general revenue to adequately cover election costs of the Agency including ballot printing, postage for mail in ballots and voter list maintenance, as well as to cover advertising expenses to inform voters about the upcoming statewide election.

GENERAL TREASURER***Medical Debt Purchase*** **\$1.0 million**

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

BOARD OF ELECTIONS***Voting Equipment Contract Services*** **\$525,658**

The Budget adds \$525,658 in general revenue reflecting a new contract for license, maintenance, and support services for voting equipment that was not available at the time the Governor's budget was finalized.

RHODE ISLAND ETHICS COMMISSION***Statewide Adjustment*** **(\$64,835)**

Pursuant to the Governor's Budget Amendment dated March 11, 2024, the Budget includes a general revenue decrease of \$64,835 as a correction to statewide adjustments for anticipated internal service fund charges for the completion of the Commission's new case management system for recusals and complaints.

PUBLIC UTILITIES COMMISSION***Chief Financial Analyst (PUC) (restricted receipts)*** **\$156,248**

The Budget adds \$156,248 in restricted receipts to fund a new 1.0 Chief Financial Analyst position to assist the Commission in evaluating cases.

EXECUTIVE OFFICE OF COMMERCE***Municipal Infrastructure Grant Program*** **\$3.0 million**

The Budget provides an additional \$3.0 million in funding for the State's Municipal Infrastructure Grant (MIG) program in FY2025. The MIG program provides public infrastructure grants to municipalities for design, construction, building, land acquisition, rehabilitation, repair, and other improvements to publicly owned infrastructure including sewers, utility extensions, streets, roads, curb-cuts, parking, water treatment systems, telecommunications systems, transit improvements, and pedestrian ways. It also assists municipalities with economic development projects, housing development and rehabilitation, and other community development projects. The program is administered by the Rhode Island Infrastructure Bank, a quasi-public corporation that provides low-interest loans to municipalities for infrastructure projects.

Small Business Assistance Capitalization **(\$2.0 million)**

The Budget eliminates the Governor's recommendation to provide \$2.0 million in FY2025 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. The program most recently received appropriation in FY2024 of \$2.0 million and EOC indicates that it has a balance of \$3.5 million still available to award.

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

The Budget includes \$750,000 to fund the development of a statewide coastal resilience plan. The appropriation is in the Executive Office of Commerce and will pass through to the Rhode Island Infrastructure Bank to implement. The plan is to be produced in collaboration with the Department of Environmental Management, the Coastal Resources Management Counsel, and municipalities. According to the stakeholders, a completed plan will be useful when applying for federal resiliency funding.

Wavemaker Fellowship – Primary Healthcare Professionals **\$500,000**

The Budget includes \$500,000 in FY2025 to fund a cohort of Wavemaker fellows that are eligible under a newly expanded healthcare classification.

Article 7 of the Budget expands the eligibility for the Stay Invested in RI Wavemaker Fellowship program to include primary care healthcare practitioners, including medical doctors, nurse practitioners, and physician assistants. The program is a competitive student loan reimbursement program for college and university graduates who take employment in certain high-demand professions in Rhode Island including science, technology, engineering, and mathematics (STEM) fields; healthcare and mental health professionals; and teachers. 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.

Supply RI **(\$250,000)**

The Budget includes \$750,000 in general revenue for the RI Commerce Corporation’s program that promotes Rhode Island-based suppliers and facilitates their connection to companies in the State that have significant procurement needs. This amount is \$250,000 less than the Governor’s recommendation.

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 reduction brings expenditures in line with estimated outyear current service levels.

Polaris **\$50,000**

The Governor’s Budget includes \$450,000 to fund Polaris, the State’s official Manufacturing Extension Partnership, level the FY2022 enacted level. This program supports Rhode Island manufacturers by providing them technical assistance, training, and advocacy. Polaris provides group and individual trainings in manufacturing and promotes manufacturing state-wide. Polaris is also a Real Jobs Partnership, officially designated by the Governor’s Workforce Board, a role that allows the organization to leverage multiple funding streams to address the workforce needs of manufacturers. The Budget augments the Polaris appropriation by an additional \$50,000 in general revenue in FY2025. The Executive Office of Commerce

indicates that increasing state support for the Extension Partnership will make it more competitive when applying for federal funds.

DEPARTMENT OF HOUSING

ARPA SFRF: Homelessness Assistance Program (federal funds) ***\$17.3 million***

A Governor's Budget Amendment dated April 22, 2024, adds \$16.6 million in reallocated State Fiscal Recovery Funds (SFRF) to the Homelessness Assistance Program in FY2025. The funds are appropriated to the existing project in order to provide additional assistance in expanding housing navigation, behavioral health, and stabilization services to address pandemic-related homelessness, as well as operating subsidies for extremely low-income housing units and services for those transitioning from homelessness and correctional institutions into housing. The amendment specified the authority for the Secretary of Housing to redirect up to \$2.0 million in additional unspent SFRF funds to the Homelessness Assistance or Homelessness Infrastructure projects. The Budget does not include the proposed reallocation authority, but increases the total SFRF add from \$16.6 million to a total of \$17.3 million for FY2025.

Housing Resources and Homelessness Fund (restricted receipts) ***\$5.0 million***

The Budget transfers \$10.0 million to recapitalize the Housing Resources Commission account, and authorizes \$5.0 million in restricted receipt spending from the account in FY2025. The increased funding is in place of a proposed Governor's Budget Amendment from April 22, 2024, which proposed creating a permanent funding source for the account by eliminating the whole unit short-term rental exemption from the 5.0 percent State hotel Tax and directing those revenues to the account. In addition to increasing the funding for the account, Article 7 includes language renaming the account the Housing Resources and Homelessness Fund and transferring oversight of the account to the Department of Housing in consultation with the Housing Resources Commission. Article 7 includes language clarifying that the transfer of oversight for the fund will take place on December 31, 2024, or after the fulfillment of a new housing organizational plan requirement, whichever is later.

EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES

OHIC Rate Review ***\$40.3 million***

The Budget includes an additional \$40.3 million in general revenue and \$62.9 million in federal funds to fully implement the rate increase recommended by the Office of the Health Insurance Commissioner. The Governor's recommendation was to implement the increases over three years, except for early intervention which would be fully implemented in year one.

May 2024 Caseload Estimating Conference ***(\$38.9 million)***

The Budget includes a net general revenue decrease of \$38.9 million (a decrease of \$98.9 million all funds) to reflect the results of the May 2024 Caseload Estimating Conference (CEC). The estimates project total Medicaid spending of \$3,511.7 million in FY2025, including \$1,300.8 million from general revenues. The net reduction is due primarily to a reduced caseload due to the return to normal operations redetermination activity that began in April 2023 and is expected to conclude in June 2024. Additional reductions were realized due to the delay of the Certified Community Behavioral Health Clinics (CCBHC) initiative from February 1, 2024, to October 1, 2024, and of the conflict-free case management initiative.

School District Medicaid Rate Increases (federal funds) ***\$9.5 million***

The Budget includes an additional \$9.5 million in federal funds to fully implement the rate increase recommended by the Office of the Health Insurance Commissioner as they apply to Medicaid reimbursable services provided by school districts through Individual Education Plans.

Home and Community Based Services (federal funds) \$3.3 million

Pursuant to a Governor's budget amendment, the Budget includes an increase of \$3.3 million in federal funds and a decrease of \$5.7 million in restricted receipts to reflect updated expenditure projections for HCBS. 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.

Opioid Abatement (restricted receipts) (\$3.2 million)

Pursuant to a Governor's budget amendment, the Budget reduces the opioid settlement funding by \$3.2 million, from \$25.2 million to \$22.0 million, to reflect the updated payment schedules for various pharmaceutical companies.

DSH Payment to Eleanor Slater Hospital \$3.1 million

The Budget provides \$3.1 million in general revenue and \$3.9 million in federal funds to support Disproportionate Share Hospital (DSH) payments to offset uncompensated care costs for services provided by Eleanor Slater Hospital. The State receives offsetting federal revenues under the program.

Initiative Implementation Support \$1.3 million

The Budget includes an additional \$1.5 million for system changes and contractor support that may be needed implemented new FY2025 initiatives.

MMIS Volume Decline (\$1.0 million)

Due to the return to normal Medicaid eligibility and enrollment operations, the Budget reduces spending for the Medicaid Management Information System (MMIS) by \$1.0 million in general revenue and \$3.0 million in federal funds. The Consolidated Appropriations Act (CAA), signed on December 29, 2022, provided for the end of the continuous enrollment condition in place during the COVID-19 public health emergency. Pursuant to the CAA, redetermination began in April 2023 with beneficiaries being disenrolled beginning in June 2023, and is expected to conclude in June 2024.

Ladders to Licensure \$750,000

The Budget includes \$750,000 in general revenue to fund the first year of the Ladders to Licensure initiative, a three-year, \$5.0 million grant program, as part of the Rhode Island Health and Human Services Workforce Initiative. This program was requested by EOHHS to support partnerships between healthcare and education providers to address critical workforce shortages by increasing the supply and diversity of the health profession workforce.

Income Verification Software/The Work Number \$723,657

Pursuant to a Governor's budget amendment, the Budget increases funding for the implementation of the income verification software known as The Work Number (TWN), by \$723,657 in general revenue and \$2.2 million in federal funds due to the delayed implementation of the initiative as indicated in the third quarter report and to reflect the shifting program funds from the Department of Human Services to EOHHS. Currently, income data for Medicaid eligibility is determined through State Wage Information Collection Agency (SWICA) data or the Internal Revenue Service (IRS); however, the SWICA is only updated quarterly and is known to be 30 to 120 days old and IRS data is updated annually. TWN data provides employment data by pay period. Post-Eligibility Verification (PEV) is required quarterly pursuant to state regulation.

Ambulatory Dental Rates \$352,080

The Budget provides \$352,080 in general revenue and \$447,920 in in federal funds to increase Medicaid reimbursement rates for dental procedures performed in an ambulatory surgical center at 95.0 percent of

the rates listed on the Medicare Part B Hospital Outpatient Prospective Payment System (OPPS) as of January 1, 2024. These rates will be annually updated beginning January 1, 2025.

Hospital Care Transitions Initiative **\$250,000**

The Budget includes \$250,000 in general revenue (\$500,000 all funds) to continue the operation of the Hospital Care Transitions Initiative (HCTI). The HCTI is a partnership between EOHHS and Rhode Island Parent Information Network (RIPIN) that supports high-risk, elderly, Medicaid patients being discharged from the hospital to prevent extended stays in skilled nursing facilities. HCTI program provides certified community health worker teams at South County Hospital, Kent Hospital, and Rhode Island Hospital.

Nursing Facility Conversion Assistance **\$225,000**

The Budget provides \$225,000 in general revenue to support nonprofit nursing facilities in converting licensed nursing home beds to assisted living beds.

Chiropractic Rates **\$177,358**

The Budget includes \$177,358 in general revenue and \$380,034 in federal funds, a total of \$557,392 all funds, to increase rates for chiropractic services delivered through the Medicaid program.

Nursing Facilities Rate Conversion – Completed **(\$172,500)**

The Budget does not include the \$172,500 in general revenue (\$345,000 all funds) that was provided in the Governor’s recommendation for the statutorily-required rate revisions for nursing facilities since the review was completed and formally submitted in April 2024.

Skilled Home Care Services **\$83,000**

The Budget includes \$83,000 in general revenue and \$101,000 in federal funds to support increases in the rates paid to home care providers for skilled professional services, including physical therapy, that were omitted from the Office of the Health Insurance Commissioner’s final report.

Adult Dental Shift into Managed Care **(\$11,460)**

Article 9 empowers the Secretary of Health and Human Services to seek a state plan waiver to expand the RItE Smiles managed care program to include adults and additional services, beginning January 1, 2025. Shifting adult dental services into Managed Care is projected to reduce general revenue expenditures by \$11,460 and increase federal fund expenditures by \$1.5 million.

DEPARTMENT OF HEALTH

State Health Laboratory Building (federal funds) **\$11.1 million**

Pursuant to the Governor’s Budget Amendment dated May 23, 2024, the Budget includes a federal funds increase of \$11.1 million, with a corresponding RICAP decrease of \$1.0 million to align with the Department’s 3rd quarter report.

Primary Care Training Sites **\$2.7 million**

The Budget includes \$2.7 million in general revenue to support primary care training sites, which corresponds with the Article 11 amendment, establishing primary care training sites and the Office of Primary Care Training. These funds support the implementation of the Office and grants of up to \$90,000 for participating training sites. The Article 11 amendment also charges the Department with the authority to enter into contracts with participating primary care sites so long as they focus on a curriculum focused on patient-centered medical home model, a model of care placing patients at the forefront of care. PCMH build better relationships between patients and physicians, resulting in high quality and efficient care, improving both patient and staff experience.

Health Equity Zones (restricted receipts) \$900,000

The Budget includes \$900,000 in restricted receipts to support the Department’s Health Equity Zone initiative. According to the Rhode Island Department of Health, the Health Equity Zone (HEZ) initiative is “strategically designed to resolve inefficiencies inherent in traditional public health prevention” by employing a ‘boots on the ground’ framework within disadvantaged communities. The HEZ initiative utilizes a community-based collaborative that employs preventative services that identify and reconcile health inequity within communities. Prior to FY2024, the Department utilized a braided funding structure to support the initiative; however, federal funding has become more specific on its deliverables regarding community support/health, resulting in increased need in State support in order for the program to have a successful, and equitable impact on Rhode Island’s communities.

Opioid Settlement Funds (restricted receipts) \$325,000

Pursuant to the Governor’s Budget Amendment dated May 23, 2024, the Budget shifts \$325,000 in restricted receipts from EOHHS to the Department of Health. 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. These funds are dedicated to forward-looking abatement efforts as defined through settlement agreements. The Department was appropriated a total \$3.4 million in opioid settlement funds in the Governor’s recommended budget. With the additional funding, the Department will receive a total of \$3.8 million in opioid settlement funding.

DEPARTMENT OF HUMAN SERVICES

Rhode Island Works Benefit Increase (federal funds) \$5.4 million

The Budget includes \$5.4 million in federal funds to support increasing the Rhode Island Works monthly benefit by 20.0 percent, increasing the earned income disregard by \$225, and for system changes.

Article 11 of the Budget amends the RI Works monthly benefit by 20.0 percent, now providing a family of 3 with \$990/month rather than \$825/ month. The table below illustrates the changes to the proposed benefit as compared to the current benefit.

RI Works Cash Assistance Article 11	Current Benefit	Article 11 Benefit	Article 11 Change	Article 11 Change
1st Person	\$425	\$510	\$85	20%
2nd Person	159	191	\$32	20%
3rd Person	137	164	\$27	20%
Additional Persons	104	125	\$21	20%

Article 11 amends the income section of the RI Works program, to increase the monthly earned income disregard from \$ \$300 to \$525 of gross earnings. The current earned income disregard amount has not changed since the FY2023 Enacted Budget. However, prior to the FY2023 change, the earned income disregard had not changed since 2008, when RI Works was introduced. The Budget includes \$550,000 in TANF funds to support this increase. The Department anticipates an additional 70 more families would receive RI Works benefits.

Child Care Rate Increase (federal funds) \$3.4 million

Article 11 of the FY2025 Budget includes \$3.4 million to increase reimbursement rates for center-based child care providers across all age groups and tiers by 5.0 percent. The maximum reimbursement rates for infant/toddler, preschool, and school-aged care for licensed child care centers will continue to be paid on a tiered rate based on the quality rating the provider has achieved within the State’s Quality Rating system.

The following table illustrate the changes in reimbursement rates for infants/toddlers, preschool-aged, and school age children since FY2022.

Licensed Child Care Centers Infant/ Toddler Rates	FY2022 Infant/Toddler Rates	FY2023 Infant/Toddler rates	Article 11 Infant/Toddler rates	Changes from FY2022	
Tier 1	\$236.36	\$265.00	\$278.00	\$13.00	5%
Tier 2	\$244.88	\$270.00	\$284.00	\$14.00	5%
Tier 3	\$257.15	\$282.00	\$296.00	\$14.00	5%
Tier 4	\$268.74	\$289.00	\$303.00	\$14.00	5%
Tier 5	\$284.39	\$300.00	\$315.00	\$15.00	5%

Licensed Child Care Centers Preschool Rates	FY2022 Preschool Rates	FY2023 Preschool Rates	Article 11 Preschool Rates	Changes from FY2022	
Tier 1	\$207.51	\$225.00	\$236.00	\$11.00	5%
Tier 2	\$212.37	\$235.00	\$247.00	\$12.00	5%
Tier 3	\$218.45	\$243.00	\$255.00	\$12.00	5%
Tier 4	\$223.50	\$250.00	\$263.00	\$13.00	5%
Tier 5	\$231.39	\$260.00	\$273.00	\$13.00	5%

Licensed Child Care Centers School Age Rates	FY2022 School Age Rates	FY2023 School Age Rates	Article 11 School Age Rates	Changes from FY2022	
Tier 1	\$180.36	\$200.00	\$210.00	\$10.00	5%
Tier 2	\$182.77	\$205.00	\$215.00	\$10.00	5%
Tier 3	\$185.17	\$220.00	\$231.00	\$11.00	5%
Tier 4	\$187.57	\$238.00	\$250.00	\$12.00	5%
Tier 5	\$189.97	\$250.00	\$263.00	\$13.00	5%

OHA/ RIPTA Gas Tax at Current Law

\$3.4 million

The Budget includes \$3.4 million in other funds to reverse the Governor’s proposal to codify the current practice on the treatment of the \$0.01/gallon of motor fuel for elderly/disabled transportation. Currently, the Department of Human Services receives \$0.01 from the tax, retaining 21.0 percent and reimbursing RIPTA 79.0 percent for its share of the supportive services. Subsequently, the Budget adds \$3.4 million in FY2025 for the gas tax transfer for RIPTA.

Child Care Eligibility Increase to 261% (federal funds)

\$3.3 million

The Budget includes a federal funds increase of \$3.3 million to support the Article 11 amendment to increase the income limit for eligible families from 200.0 percent to 261.0 percent of the federal poverty level (FPL). According to the U.S. Department of Health and Human Services, for a family of 3 in 2024, 200.0 percent of the FPL is \$49,720 and 261.0 percent of the FPL is \$65,708 annually. The Department of Human Services (DHS) anticipates an additional 62 children annually.

According to the Department, CCAP enrollment has experienced a caseload decrease of 37.0 percent since 2020, which is primarily attributable to higher wages with lower purchasing power. A family of three with two individuals earning \$15 per hour are unable to afford the cost of daycare, which averages around \$14,000 annually. Rhode Island families are continuing to struggle to purchase childcare, prohibiting parents from reentering the workforce and gaining steady employment.

Child Care for Child Care Workers Pilot Extension (federal funds)

\$2.5 million

Article 11 extends the Child Care for Child Care Workers Pilot for one year, from July 1, 2024, to July 1, 2025. Eligible participants income must be at or below 300.0 percent of the federal poverty level (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 \$65,708 a year. The program exempts eligible staff and educators from copayments, and allows them to choose their preferred childcare facility. The amendment makes no changes to the reporting requirements which mandates the Department to compile participant data and outcomes, submitting it to the General Assembly no later than November 1, 2024. The Budget includes an additional \$2.5 million in Temporary Assistance to Needy Families (TANF) funds to support this initiative.

The Work Number Transfer to EOHHS ***(\$1.6 million)***

The Budget includes a general revenue decrease of \$1.6 million, with a corresponding federal funds decrease of \$1.2 million. This budget item shift funding for The Work Number (TWN), and income verification software to EOHHS where the entire budget for implementation will be reflected in the EOHHS budget. The Work Number (TWN) is a software created by Equifax that quickly and accurately provides beneficiary income data. Currently, the States eligibility verification process utilizes State Wage Information Collection Agency (SWICA) information to determine beneficiary income. However, SWICA is often delayed and inaccurate, which causes delays in benefits and inconsistency across human service program. TWN is intended to improve wage accuracy where SWICA falls short and has the potential to decrease benefit costs.

Corrections to OHA CNOM Programs ***\$1.3 million***

Pursuant to the Governor's Budget Amendment dated April 8, 2024, the Budget includes an increase of \$1.3 million in general revenue, with a corresponding federal funds increase of \$1.3 million to correct forecasted CNOM Medicaid budgets that were inadvertently underfunded in the Governor's Recommended Budget. The Budget includes \$652,232 in general revenue savings related to CNOM home care co-payments, resulting in both State and federal appropriations, resulting in a \$2.7 million decrease in general revenue, and a \$3.1 million federal fund decrease in federal funds.

OHIC Rate Increase at 100.0 percent ***\$1.1 million***

The Budget includes a general revenue increase of \$1.1 million to fully support the OHIC rate review increase. This includes a corresponding federal fund increase of \$1.7 million, bringing total funding for the rate review to \$4.1 million. The rate changes affect OHA's at-home supports, including case management, adult day care, and in-home services.

Office of Veterans Services Digitization Project ***(\$250,000)***

The Budget includes \$250,000 general revenue decrease to rectify an inadvertent budget item included in the Governor's recommended budget. The FY2024 Budget as Enacted includes a one-time \$250,000 general revenue increase to digitize DD-214's – discharge documents that are required for to verify eligibility to benefits. The department plans to scan and store all DD-214's in an online database that is only accessible to RIVETS personnel.

The FY2023 Budget as Enacted required the Office of the Health Insurance Commissioner to conduct a Statewide analysis on reimbursement rates related to social and human services. The Office conducted a total of nine assessments concerning an array of services within the Medicaid fee-for-service (FFS) fee schedules, as well as services financed through the State through Medicaid and other funding areas.

Correction to RIVETS Asset Protections (RICAP) ***\$250,000***

Pursuant to the Governor's Budget Amendment dated April 8, 2024, the Budget includes \$250,000 in RICAP funds to support ongoing asset protection costs in FY2025. Projects include cemetery expansion, crypt pre-placement, expansion of the memorial walkway, and vehicle replacement.

United Way 211 ***\$200,000***

The Budget includes a \$200,000 general revenue increase to support United Way – 211, a free confidential service where individuals call the helpline and are connected to housing, food, child care, job training, and other supportive services.

May Caseload Estimating Conference ***(\$184,204)***

Pursuant to the Governor's Budget Amendment dated May 23, 2024, the Budget includes a general revenue decrease of \$184,204 to align with updated estimates as determined by the 2024 May Caseload Estimating Conference. The Amendment includes a corresponding federal funds decrease of \$3.4 million. The table below identifies the funding changes made during the Conference.

May Caseload Estimating Conference	General Revenue	Federal Funds
Temporary Assistance to Needy Families	-	(\$3,402,311)
Supplemental Security Income	67,320	-
General Public Assistance	(251,524)	-
Total	(\$184,204)	(\$3,402,311)

RI Works Full Family Sanctions Eliminations (federal funds) **\$100,000**

Article 11 of the Budget eliminates full family sanctions within the Rhode Island Works Program, now sanctioning only the parent and reducing the payment by the parent's portion of the benefit, while still keeping the child on the benefit. Article 11 also eliminates the complete shutdown of the benefit due to noncompliance. The Office of Management and Budget estimates that the total caseload increase due to terminations of full family sanctions will be about 417 cases annually.

Office of Rehabilitation Services CNOM Eligibility Expansion **(\$94,400)**

The Budget includes general revenue savings of \$94,400, primarily attributable Medicaid eligibility expansion from 300.0 percent of the federal poverty level (FPL) to 400.0 percent of the federal poverty level. The expansion causes a Medicaid reimbursement increase of \$334,400, resulting in a net increase of \$240,000. These funds will support personal care attendants, home modifications, and social services for the blind.

Hardship Program **(\$90,000)**

The Budget include a general revenue decrease of \$90,000 to the Hardship program due to underutilization. In FY2023, the program expended less than \$400

Higher Ground International **\$50,000**

The Budget includes \$125,000 in general revenue for Higher Ground International, a \$50,000 increase from FY2024 Budget as Enacted. Higher Ground International is a 501(c)(3) serving Liberian and West African immigrants. These funds will support immigrant and supportive services to individuals receiving services from Higher Ground International.

Day One **\$33,000**

Article 1 includes \$300,000 in general revenue for Day One, a \$33,000 increase from FY2024 Enacted, to provide outreach and supportive services related to sexual assault. Day One is a 501(c)(3) that addresses sexual assault as a community concern and is the only organization in Rhode Island that is specifically organized to deal with issues of sexual assault. The organization provides treatment, intervention, education, advocacy, and prevention services to Rhode Island residents of all ages.

Office of Healthy Aging – Gas Tax Revision **(\$14,530)**

Pursuant to the Governor's Budget Amendment dated April 8, 2024, the Budget includes a decrease of \$14,530 to reflect an amended gas tax estimate. The correction includes a corresponding decrease of \$184,769 in other funds.

DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES

Procurement of Placement and Home-Based Services Increase **\$20.6 million**

The Budget increases general revenues by \$20.6 million (\$29.4 million all funds) to provide additional funding for the procurement of adoption and foster care, congregate care, and home-based programming services provider contracts which are currently in renewal negotiations. The Department's contracts with

foster and congregate care placement and community-based providers expired on July 1, 2023, and the Department is engaged in ongoing contract negotiations to renew over 120 provider contracts for these services.

Turnover Restoration

\$3.7 million

The Budget increases general revenues by \$3.7 million (\$4.6 million all funds) to maintain FY2024 staffing levels in FY2025. The additional funds assume lower turnover savings as compared to the Governor's recommendation which presumed continued elevation of vacancy levels within the Department.

ARPA SFRF: Workforce Stabilization (federal funds)

\$1.2 million

A Governor's Budget Amendment dated May 23, 2024, increases State Fiscal Recovery Funds (SFRF) by \$1.2 million to extend workforce stabilization payments which were initially intended to end in FY2024. This initiative previously provided \$12.5 million in FY2022, \$2.5 million in FY2023, and \$7.9 million in FY2024 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. The additional FY2025 appropriation brings total SFRF funding for this initiative to \$24.1 million. The \$1.2 million figure is intended to continue stabilization payments through the final months of the contract procurement process, which is ongoing.

Rate Setting Consultant

\$1.0 million

The Budget includes \$1.0 million in general revenues (\$1.5 million all funds) to hire a consultant to assist with establishing rates for the Department in Medicaid and non-Medicaid funded programs, including those currently undergoing contract renewals.

Comprehensive Needs Study

\$200,000

The Budget increases general revenues by \$200,000 (\$300,000 all funds) to fund a consultant to provide a comprehensive needs assessment for the Department. The needs assessment is intended to focus on client accessibility, data development for service array determination, and overall development for least restrictive services in State.

DEPARTMENT OF BEHAVIORAL HEALTHCARE, DEVELOPMENTAL DISABILITIES, AND HOSPITALS

May CEC Adjustment

(\$16.2 million)

A Governor's Budget Amendment dated May 23, 2024, decreases general revenues by \$16.2 million (\$38.3 million all funds) to align funding in the Services for the Developmentally Disabled program with the caseloads adopted at the May 2024 Caseload Estimating Conference.

Out-of-State Facility Contract Expiration

(\$1.5 million)

The Budget reduces general revenues by \$1.5 million to correct for the inclusion of a contract with a facility in South Carolina which had previously provided forensic services to the Department but which has since expired.

DD Independent Facilitators (18.0 FTEs)

\$959,394

A Governor's Budget Amendment dated April 8, 2024 increases general revenues by \$959,394 (\$1.9 million all funds) to provide funding for an additional 18.0 FTE positions related to conflict-free case management. The timeline for the implementation of conflict-free case management within the Division of Developmental Disabilities has been delayed and is intended to phase-in through FY2026. The additional funding allows for an increase of 18.0 FTE positions for state staff to serve as independent facilitators in FY2024 and FY2025 in order to ensure compliance with the federal consent decree.

ESH License Fee **\$594,232**

The Budget increases general revenues by \$594,232 (\$2.9 million all funds) to update the license fee for Eleanor Slater Hospital (ESH) based on updated 2023 revenues. This brings the total budgeted amount for the hospital license fee payment for ESH in FY2025 to \$4.0 million.

ESH Fence Construction **\$344,000**

Pursuant to a Governor's Budget Amendment dated May 23, 2024, the Budget increases general revenues by \$344,000 to reflect the shifting of unspent funds from FY2024 related to delays in the installation of a fence at Eleanor Slater Hospital (ESH).

OHIC Rate Increase **\$183,990**

The Budget increases general revenues by \$183,990 (\$390,070 all funds) to implement the new rates for home health services following the Office of the Health Insurance Commissioner's (OHIC) rate review. The Governor's recommendation included \$91,993 in general revenues (\$209,027 all funds) to implement the new rates staggered over three years. This increase fully funds the recommended rates in the first year, bringing total funding for the rate implementation in FY2025 to \$275,983 in general revenue (\$599,097 all funds).

RICLAS Vehicle Shift **\$152,507**

A Governor's Budget Amendment dated May 23, 2024, shifts \$152,507 in general revenues (\$344,648 all funds) from FY2024 into FY2025 to reflect a delayed timeline for vehicle purchases for RICLAS due to supply chain issues.

RISPH Equipment **(\$150,000)**

The Budget reduces general revenues by \$150,000 to correct for funding that was initially included in the FY2025 recommendation for purchases at the Rhode Island State Psychiatric Hospital (RISPH) that have already been completed.

Conflict-Free Case Management Expense Correction **(\$122,892)**

A Governor's Budget Amendment dated March 11, 2024, decreases general revenues by \$122,892 to reflect an inadvertent overbudgeting of expenses for conflict-free case management services within the Services for the Developmentally Disabled program.

RICAP Residential Supports (RICAP funds) **\$100,000**

A Governor's Budget Amendment dated March 11, 2024 increases Rhode Island Capital Plan (RICAP) funds by \$100,000 to restore funding inadvertently excluded for the Residential Support capital project within the Services for the Developmentally Disabled program.

Group Home Facilities (restricted receipts) **\$100,000**

A Governor's Budget Amendment dated March 11, 2024, increases restricted receipts by \$100,000 within the Hospital and Community System Support program to reflect the capitalization of the newly created Group Home Facility Improvement Fund. Article 2 includes language allowing for the creation of a new fund to collect the proceeds from the sale of state-owned group homes or community residences licensed by the Department, or any rents collected from agencies utilizing said homes. The proceeds within the fund will be utilized for upkeep and maintenance of state-owned facilities as directed by the Department.

Student Assistance Fund Correction (restricted receipts) **(\$60,000)**

A Governor's Budget Amendment dated May 23, 2024, decreases restricted receipts by \$60,000 to correct for the inadvertent inclusion of funding for student assistance programs that are not available in FY2025.

ESH Vehicle Shift **\$47,501**

A Governor's Budget Amendment dated May 23, 2024, shifts \$47,501 in general revenues (\$107,346 all funds) from FY2024 to FY2025 to reflect a delayed timeline for vehicle purchases for Eleanor Slater Hospital (ESH) due to supply chain issues.

GOVERNOR'S COMMISSION ON DISABILITIES**Independent Living Services (federal funds)** **\$255,000**

The Budget adds \$255,000 in federal funds for a total recommended appropriation of \$340,000 in FY2025. The Independent Living Services program works to support community living and independence for people with disabilities. This amount was inadvertently excluded in the Governor's FY2025 Budget.

Holiday Pay **\$1,424**

The Budget adds \$1,424 in general revenue for holiday pay for staff working on Election Day in November 2024.

OFFICE OF THE CHILD ADVOCATE**Staffing Expansion (3.0 FTE positions)** **\$250,000**

The Budget includes \$250,000 and an increase of 3.0 FTE positions for the Office of the Child Advocate. The new positions include an investigator, a case manager, and an attorney.

ELEMENTARY & SECONDARY EDUCATION**Education Aid** **\$33.2 million**

The Budget includes an additional \$33.2 million to support the March 2024 enrollment update, the full core amount provided under current law, and an increase in the EL weight from 15.0 percent to 20.0 percent. In addition, Article 8 moves the English learner categorical funding into the funding formula distribution and repeals the limits that were placed on the use of the categorical funds and the requirement for the Department of Elementary and Secondary Education to collect performance reports from districts.

Mathematics and ELA Improvement Strategy **(\$10.0 million)**

As a placeholder for the state plans for mathematics and English Language Arts (ELA) to be developed by the Department of Elementary and Secondary Education in FY2024, the Governor recommended \$15.0 million in general revenue. The plans are expected to include the budget needed to support, teachers, students, and families in meeting the goals of the plans. The Budget includes \$5.0 million for this initiative.

Rhode Island Capital Plan (RICAP) Fund Changes **\$9.9 million**

The Budget includes an increase of \$9.9 million in Rhode Island Capital Plan (RICAP) funding to reflect the shifting of funds from FY2024 to FY2025, including the following:

- **Capital – Davies Healthcare Classrooms:** Due to project delays, the Budget shifts \$6.9 million in RICAP funding for the Davies Healthcare classrooms project from FY2024 into FY2025. 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.
- **Capital - Davies School Wing Renovation:** Due to project delays, the Budget shifts \$2.0 million in RICAP funds from FY2024 into FY2025 to replace 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.

- **Capital – Davies HVAC:** Due to project delays, the Budget shifts \$1.0 million in RICAP funds for the replacement and repair of the HVAC system at Davies from FY2024 into FY2025. 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.

ESSER Funds Correction (federal funds)

\$5.1 million

To correct for an understatement of available Elementary and Secondary Education Relief (ESSER) funds, the Budget increases federal ESSER funding by \$5.1 million to more accurately reflect available resources. Expenditure and allocation amounts for each LEA can be found at the [ESSER Funds Dashboard](#) on the Department’s website.

Career and Technical Education (1.0 FTE position)

\$2.1 million

The Budget includes \$2.1 million in general revenue to increase career and technical categorical funding from \$4.5 million to \$6.5 million and provide 1.0 new FTE position, in addition to the new FTE position recommended by the Governor. The Department had requested \$1.0 million in additional grant funds and 1.0 new FTE position. According to the Department, approved career and technical education (CTE) programs in the LEAs have increased from 70 to nearly 280 in the last decade.

Healthy Environments Advance Learning Grant (3.0 FTE positions) (federal funds)

\$1.0 million

The Budget adds \$1.0 million in federal funds and 3.0 new FTE positions to reflect the receipt of a new federal Healthy Environments Advance Learning Program grant to support school infrastructure improvements.

Davies - Personnel Correction

\$676,360

The Budget provides \$676,360 in general revenue for increased personnel costs due to the employee contract that were not included in the recommended budget. Additional funding is also provided in FY2024 for this purpose.

Ed Aid - Recovery High School

(\$500,000)

The FY2017 Budget as Enacted provided \$500,000 for the State’s recovery high school, the Anchor Learning Academy. In May 2023, the Department was notified by The Providence Center that the school would be closing; consequently, the funding is removed in FY2024 and FY2025. The Anchor Academy was managed by The Providence Center and had a maximum capacity of 20 students. The purpose of a recovery high school was to provide an individualized program to students recovering from substance abuse to support in achieving personal recovery and academic goals.

Educator Preparation (Prep-RI) Site Visits

(\$150,000)

The Budget does not include \$150,000 in general revenue in purchased services to support the Department in ensuring “reliable, valid results during program visits to colleges and universities” during their review of teacher preparation programs. This initiative was previously funded from a private grant provided by the Council of Chief State School Officers (CCSSO) for educator preparation programs (EPPs) in integrating high-quality curriculum and the science of reading. The Department uses the Performance Review of Educator Preparation in Rhode Island (PREP-RI) to evaluate whether a provider is offering a high-quality program that meets the State’s standards for educator preparation. Educators who complete Department-approved programs are eligible for certification in Rhode Island as well as in other states through reciprocity.

Early Childhood Support **(\$119,529)**

The Governor recommended \$239,861 to move 2.0 new FTE positions supporting the Pre-K program expansion from grant-funded, term-limited status to permanent. The Budget provides for the shift of 1.0 FTE position, and reduces funding by \$119,529. These positions were previously funded through the federal Preschool Development grants.

School for the Deaf Transformation Grants (other funds) **(\$59,000)**

Pursuant to a Governor's budget amendment, the Budget reduces Permanent School funds by \$59,000 for the School for the Deaf as requested by the Department of Elementary and Secondary Education. The Department had eliminated this funding in its request due to insufficient funds in this account. The Governor's recommendation includes general revenue to cover this reduction.

PUBLIC HIGHER EDUCATION**Rhode Island College (RICAP)** **(\$5.0 million)**

Pursuant to the Governor's Budget Amendment dated March 11, 2024, the Budget includes a RICAP decrease of \$5.0 million to rectify an inadvertent increase in funding allocated to the Clarke Science Building Modernization project.

URI Operating Support **\$2.0 million**

The Budget includes a \$2.0 million general revenue increase, supporting the university of Rhode Island's (URI's) operating budget for FY2025. The Governor's budget recommends a \$3.5 million increase for URI, resulting in a \$5.5 million and 4.0 percent increase in operating expenditures. The Budget also authorized 20.0 additional FTEs based on the University's hiring over the past year.

ARPA SFRF Foster Care Youth Scholarship (federal funds) **\$1.0 million**

Pursuant to the Governor's Budget Amendment dated April 22, 2024, the Budget includes a federal funds increase of \$1.0 million in State Fiscal Recovery Funds to support a last dollar scholarship program for the Department of Children, Youth, and families foster care youth exiting the system to attend Rhode Island College. These funds would provide year-round services such as dining, housing, and advising. Funding will be awarded to the RIC Foundation to distribute funding as necessary.

CCRI Insurance and Janitorial Rebase **\$1.0 million**

The Budget includes a general revenue increase of \$1.0 million to support increased insurance and janitorial costs at CCRI. According to the College, insurance costs increase by \$1.0 million between FY2019 and FY2024. Additionally, RIGL 37-13, which established a general prevailing wage for craftsmen, mechanic, teamster, laborer, or other type of worker performing work on public works projects with state or municipal funds, established the most recent prevailing wage schedule for janitorial services as of July 1, 2023. As of July 1, 2023, the prevailing wage for janitorial services, including health and pension benefits, total \$23.26 per hour.

RI Promise Scholarship **(\$500,000)**

Pursuant to the Governor's Budget Amendment dated May 23, 2022, the Budget includes a general revenue decrease of \$500,000 to align with updated enrollment projections for the RI Promise Scholarship at the Community College of Rhode Island (CCRI). According to the most recent report, CCRI is expecting 4.0 percent growth in the program. However, a majority of student will come from low-income households, resulting in more than projected Pell-grant funding. Additionally, changes to the Pell-grant formula allowed the school to identify more students of financial need.

CCRI Data Cabling and Power Infrastructure (RICAP) **\$500,000**

The Budget includes RICAP increase of \$500,000 which supports the College's Data Cabling and Power Infrastructure projects. Pursuant to the Office of the Postsecondary Commissioner's third quarter report,

the College projects an expenditure surplus, expending only \$350,000 of the \$3.3 million appropriated in FY2024. The FY2024 Revised Budget reappropriates a total of \$2.8 million - \$500,000 to each FY2025, 2026, and 2027, and \$1.3 million in FY2028. The project assesses, designs, and constructs 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.

Onward We Learn **\$100,000**

The Budget includes \$100,000 in general revenue to support Onward We Learn (OWL), formerly known as the College Crusade, totaling \$455,000 in general revenue support in FY2025. These funds are in addition to \$4.3 million in GEAR-UP grants. OWL has funded 6,000 scholarships to low-income Rhode Island students for over 20 years. According to OWL, a majority of children participating in OWL continue their education and careers in Rhode Island, many of which receiving scholarship from in-state schools.

Affordability Study Correction **(\$100,000)**

The Budget includes a general revenue decrease of \$100,000, related to the Office of the Postsecondary Commissioner's Affordability Study. The FY2024 Enacted Budget includes \$200,000 in general revenue supporting the study. The Governor's recommended budget included an additional \$200,000 to support the study; however, upon updating cost projections, the Office indicates that the study will cost \$300,000, resulting in a \$100,000 surplus.

Institute for Labor Studies and Research **\$25,000**

The Budget adds \$25,000 in general revenue to support the Institute for Labor Studies and Research, increasing the total appropriation to \$125,000. The Institute is a non-profit educational facility training and educating Rhode Islanders.

OFFICE OF THE ATTORNEY GENERAL

Healthcare Litigation (restricted receipts) **\$200,000**

The Budget includes a \$200,000 increase in restricted receipts, collected from non-multistate initiatives, to fund healthcare experts that the Office believes is necessary for litigation within the Civil Division.

JUDICIARY

RI Coalition Against Domestic Violence **\$270,000**

The Budget includes an additional \$270,000 in general revenue (\$500,000 total) for the community service grant to the Rhode Island Coalition Against Domestic Violence, the nonprofit agency operating the Domestic Abuse Court Advocacy Project established pursuant to RIGL 12-29-7. The project was established to:

- Advise survivors of domestic violence of their rights and assist them in securing those rights,
- Informing survivors about projective orders and assisting them in securing orders as appropriate,
- Referring survivors to shelter services, counseling, and other services as appropriate,
- Monitoring the justice system's response to and treatment of survivors of domestic violence.

Turnover **(\$200,000)**

The Budget includes \$200,000 in general revenue turnover savings, equivalent to 1.4 positions. The Governor recommended turnover savings equivalent to 19.2 positions; however, as of May 18, 2024, the Judiciary had 24.1 vacancies.

MILITARY STAFF***Military Funeral Honors Program* **\$169,665****

The Budget adds \$169,665 in general revenue for the two non-FTE active-duty RI National Guard staff to augment the daily staffing of the Military Funeral Honors Program.

EMERGENCY MANAGEMENT***Assistant Director of Communications* **(\$194,055)****

The Budget removes \$194,055 in general revenue covering the salary and benefits for an additional 1.0 Communications Director position. The proposed position was to be a senior staff member responsible to oversee the Agency's current 2.0 FTE communications and public information positions.

IT Maintenance Agreements* **\$36,000*

The Budget adds \$36,000 in general revenue to correct an inadvertent reduction in the statewide adjustment for information technology maintenance agreements in support of the public safety warehouse.

DEPARTMENT OF PUBLIC SAFETY***Body-Worn Camera Project Shift to FY2024* **\$11.5 million****

The Budget shifts \$11.5 million of general revenue to FY2025 from FY2024 for the Body-Worn Camera Project, reflecting the Department's updated expenditure plan. The Budget includes a corresponding \$11.5 million general revenue decrease in FY2024. Furthermore, the FY2024 Budget as Enacted includes reappropriation language for this initiative. 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 the departments began implementing the changes.

ARPA SFRF: Support for Survivors of Domestic Violence Shift to FY2025 (federal funds)* **\$10.0 million*

The Budget shifts \$10.0 million of American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) to FY2025 from FY2024 for the Support for Survivors of Domestic Violence project, in order to reflect the project's current timeline. The Public Safety Grant Administration Office (PSGAO) manages federal awards on a cash reimbursement basis and indicates that the project is currently in its execution phase. As grant awardees expense funds and generate receipts, the PSGAO will provide reimbursements.

Southern Barracks (RICAP)* **\$1.5 million*

The Budget shifts \$1.5 million of RICAP funds to FY2025 from FY2024, in order to reflect the current timeline for the construction of the Southern Barracks. Governor's Budget Amendment 6, dated March 29, 2024, shifts \$1.0 million of RICAP funds from FY2024 to FY2026, and increases the FY2026 appropriation by an additional \$3.1 million, for a total FY2026 increase of \$4.1 million. The Budget includes the Governor's amendment and shifts an additional \$1.5 million from FY2024 to FY2025. The following table illustrates the project's RICAP funding schedule.

Project	FY2022	FY2023	FY2024	FY2025	FY2026	Total
Southern Barracks	\$0.4	\$1.2	\$1.5	\$21.5	\$16.8	\$41.4
Total	\$0.4	\$1.2	\$1.5	\$21.5	\$16.8	\$41.4

\$ in millions.

Asset Protection Shift from FY2024 (RICAP)* **\$1.3 million*

The Budget shifts \$1.3 million of RICAP funds to FY2025 from FY2024 for the Department's administration and radio buildings, to reflect the current construction plans. The Budget includes a corresponding \$1.3 million decrease in FY2024.

State Police Training Academy**\$1.2 million**

The Budget includes \$1.2 million of general revenue from planned personnel expenditures for the State Police Training Academy in order to fund a 20-trooper class in FY2025. The Department has experienced excessive staff vacancies and recruiting challenges in recent years and as of April 2024, there are 45 sworn FTE positions unfilled. The Department historically hosts academies every two years, but due to current vacancies and upcoming retirements of existing staff, the Department requested an academy in FY2025. The 2024 Training Academy had projected 40 recruits and are expected to graduate 29 troopers in June of 2024.

GO Team Support**\$400,000**

The Budget includes \$400,000 of additional general revenue to support the Family Service of Rhode Island's GO Team. The GO Team are trauma experts and correspond at the scene with the State Police to support children who are victims of violence and other traumas. The funding is intended to address gaps in funding traditionally provided by federal grants from the Victims of Crime Act (VOCA).

Training Academy Upgrades Shift from FY2024 (RICAP)**\$300,000**

The Budget shifts \$300,000 of RICAP funds to FY2025 from FY2024 for upgrades to the Training Academy, in order to reflect the project's updated timeline. The funding shift primarily reflects delays associated with the two feasibility studies that the Department has experienced. The Budget includes a corresponding \$300,000 decrease in FY2024.

State Police- State Fleet Revolving Loan Fund**(\$101,066)**

Pursuant to Governor's Budget Amendment 22, dated May 23, 2024, the Budget includes a \$101,066 general revenue decrease reflecting updated projections of the state police vehicle repayment plan for purchases from the State Fleet Revolving Loan Fund. The Department indicates that the payment for vehicles purchased in FY2024 will be \$101,066 less than the Governor's proposed amount.

OFFICE OF THE PUBLIC DEFENDER**Legal Staff Enhancement****\$750,000**

The Budget includes \$750,000 in general revenue to support salary increases for attorneys working within the Office of the Public Defender. The Office has experienced excessive turnover rates within recent years and indicates that 64.0 percent of the non-executive attorney staff have turned over since 2020, if unfilled positions are included. The Office believes that the turnover relates to excessive caseloads and significantly lower attorney salaries in comparison to other state agencies. This initiative will reduce the disparity between average attorney salaries and intends to reduce turnover rates.

ENVIRONMENTAL MANAGEMENT**Rhode Island Capital Plan (RICAP) Fund Changes****(\$2.7 million)**

The Budget includes a net decrease of \$2.7 million in Rhode Island Capital Plan (RICAP) funding, including the following:

- **Dam Repairs:** The Budget reduces funding in FY2025 by \$4.8 million, leaving a balance of \$5.4 million for the year. This project allows DEM to complete engineering studies, designs and repairs to "high-hazard" State-owned dams which, if they were to fail, would cause significant property damage and potential for loss of life. The State owns 10 high hazard and four significant hazard dams. During the past 11 years, the Department completed repairs to the Stillwater Dam in Smithfield, the Olney Pond Dam in Lincoln Woods, the Bowdish Lake Dam at the George Washington Management Area, and the upper JL Curran Dam in Cranston. The Wyoming Pond Upper Dam is expected to be completed in FY2024, and planning and design work for the Lower Curran Dam and the Upper Burlingame Dam are underway with construction expected to commence in FY2025.

- **Galilee Piers:** Due to an updated project schedule, the Budget shifts \$1.8 million in funding from FY2024, leaving a balance of \$9.0 million, to FY2025 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.
- **Marine Infrastructure/Pier Development:** Based on an updated project schedule, the Budget shifts \$300,000 from FY2024 into FY2025, 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.

Local Agriculture and Seafood (LASA) Grants

(\$200,000)

The Budget reduces funding for the LASA grant program by \$200,000, leaving a balance of \$500,000. There is no other source of funding for this program. 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 this program need has consistently outpaced the available funding.

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
2023	119	43	2,049,783	700,000

Source: Department of Environmental Management

Forestry Staffing (2.0 FTE positions)

\$180,416

The Budget includes \$180,416 in general revenue to support 2.0 new FTE forest ranger positions. The addition of 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 as not occurred in the state since the 1950’s, 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.

Conservation Districts

\$80,000

The Budget provides an additional \$80,000 (\$180,000 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.

DEPARTMENT OF TRANSPORTATION

ARPA SFRF: Washington Bridge Project (federal funds)**\$35.0 million**

The Budget includes a total increase of \$35.0 million in ARPA SFRF to fund the demolition and reconstruction of the Washington Bridge. The SFRF will serve as a portion of the \$83.6 million state match required to unlock \$371.6 million in federal funds to finance the project. The total capital cost of the project is estimated to be \$455.2 million. Governor’s Budget Amendment 14, dated May 6, 2024 proposed a funding plan for the project which included funding from a variety of sources. The following table illustrates the two plans.

Funding Source	Governor	Budget
<i>State Match</i>		
ARPA SFRF	\$20.0	\$35.0
Motor Fuel Revenue Bonds	40.0	-
Undetermined Other Funds	23.6	-
RICAP Funds	-	45.0
Excess Gas Tax and HMA Funds	-	3.6
Sub-Total	\$83.6	\$83.6
<i>Federal Funds</i>		
GARVEE Bond Issuance	\$334.6	\$334.6
Residual Federal Funds	37.0	37.0
Sub-Total	\$371.6	\$371.6
Grand Total	\$455.2	\$455.2

\$ in millions.

- **RICAP Funds:** The Budget includes \$45.0 million in RICAP funds to serve as a portion of the state match for the Washington Bridge project. The Budget provides \$20.0 million in FY2025 and \$25.0 million in FY2026. The Governor’s Budget Amendment did not propose RICAP funding and instead proposed the issuance of \$40.0 million in motor fuel revenue bonds, which was not adopted. The Budget includes a pay-go funding plan.
- **ARPA SFRF:** The Budget includes \$35.0 million in SFRF to serve as a portion of the state match for the Washington Bridge project, representing a \$15.0 million increase from the \$20.0 million proposed in the Governor’s Budget Amendment. The Office of Management and Budget indicates that the Washington Bridge project is an approved use for SFRF funding.
- **Excess Gas and HMA Funds:** The Budget includes \$3.6 million in excess gas and HMA funds to serve as a portion of the state match required for the Washington Bridge project. The Department collected higher than projected receipts from the HMA in FY2024 and the Budget provides the additional funding for the project.
- **GARVEE Bond Issuance:** Article 4 of the Budget authorizes the issuance of \$334.6 million in Grant Anticipation Revenue Vehicle (GARVEE) bonds with a total debt service amount of \$538.6 million. Assuming a standard 5.0 percent coupon rate and the issuance of the entire authorized amount, the article indicates a total interest amount of \$204.1 million. The State is permitted to issue a lesser amount, if additional federal funds for the project become available.
- **Residual Federal Funds:** The Budget includes repurposing \$37.0 million of existing Department of Transportation funds previously allocated to Washington Bridge repairs, to the

new Washington Bridge replacement plan. Included in these funds is the \$12.0 million remaining balance of the federal BUILD grant, which the Federal Highway Administration has recently authorized its use for the project.

Highway Improvement Program (RICAP) \$20.0 million

The Budget includes an additional \$20.0 million in RICAP funds to support the demolition and construction of the Washington Bridge project. The Budget provides RICAP funding of \$20.0 million in FY2025 and \$25.0 million in FY2026. See the ARPA SFRF writeup for more information.

Highway Maintenance Account Adjustment, May 2024 Estimate (other funds) \$7.3 million

The Budget includes an additional \$7.3 million in other funds, \$6.6 million of which are for the Department of Transportation, reflecting the May 2024 Highway Maintenance Account (HMA) estimate calculated by the Office of Revenue Analysis (ORA). ORA projects the Department of Transportation to receive \$6.6 million more in FY2025 than previously projected, primarily related to a \$5.8 million increase in rental car surcharges. The estimate also indicates a \$365,636 increase to the general fund transfer and a \$347,355 increase for RIPTA. The following table compares the November and May HMA estimates and the projected share received by the Department of Transportation, RIPTA, and general fund.

FY2025 HMA Adjustment	ORA Nov. 2023	ORA May 2024	Change
Licenses and Registrations Base	\$54,784,091	\$54,784,091	\$0
Licenses Surcharge	5,287,448	5,460,047	172,599
Vehicle Registrations Surcharge	15,317,396	15,817,403	500,007
Rental Vehicle Surcharge	4,605,965	10,434,853	5,828,888
Emission Inspection Fees	14,509,776	14,983,420	473,644
Motor Vehicle Title Fees	10,341,849	10,679,439	337,590
Good Driving Fees	343,905	343,905	-
RIHMA Total	\$105,190,430	\$112,503,158	\$7,312,728
5% Share to RIPTA	\$4,996,545	\$5,343,900	\$347,355
\$5.0 Million Base to RIPTA	5,000,000	5,000,000	-
5% Share to General Revenues	5,259,522	5,625,158	365,636
DOT Share	\$89,934,363	\$96,534,100	\$6,599,737

Highway Maintenance Account Transfer of RIDOT's share from FY2024 (other funds) \$6.6 million

The Budget includes a \$6.6 million transfer of receipts collected by the Highway Maintenance Account (HMA) from FY2024, in order to partially fund the increased expenditures related to the Washington Bridge project. The May 2024 estimate from the Office of Revenue Analysis (ORA) projects the Department of Transportation to receive \$6.6 million more in FY2024 than projected in November, primarily related to a \$5.6 million increase in rental car surcharges. The Budget shifts these funds to FY2025, for a total amount of \$13.2 million in receipts collected by the HMA for the Department.

ARPA SFRF: RIPTA Operating Grant (federal funds) \$5.0 million

The Budget provides an additional \$5.0 million of ARPA SFRF to the Rhode Island Public Transit Authority to assist in resolving the Authority's FY2025 deficit of \$18.1 million. The Governor's Budget provided the Authority with \$10.0 million, which has been increased by \$5.0 million in an effort to further resolve the funding gap. Additionally, the Budget requires RIPTA to produce an efficiency review of its transit operations and submit a report to the Governor, Speaker of the House of Representatives, and the President of the Senate. The review's objective is to increase RIPTA's overall efficiency by ensuring the Authority is using their provided resources effectively. The review should focus on cost-effectiveness and include data such as operating expenses, ridership figures, costs per rider, and other information across all

serviced regions. Additionally, the review may explore other transit service delivery models and successful transit strategies in order to produce recommendations to foster effective and sustainable transit operations. The report originally was to be submitted by January 1, 2025; however, the Governor requested an extension to March 1, 2025.

OHA/RIPTA Gas Tax at Current Law (other funds) (\$3.3 million)

The Budget removes \$3.3 million in other funds due to the rejection of the Governor’s proposal codifying the current use of the \$0.01 per gallon of motor fuel for elderly/disabled transportation services. Currently, \$0.01 of each gallon of motor fuel sold in the State is distributed to the Office of Healthy Aging (OHA) to assist in funding transportation services for the elderly and disabled. OHA transfers 79.0 percent of the gas receipts to RIPTA, to help fund the paratransit service. The Governor’s Budget codified the transfer, which increased the Department of Transportation’s Budget by \$3.3 million, which represents the November 2023 estimate of per penny yield in FY2024. The Budget rejects the Governor’s proposal and removes the funding.

Gas Tax Adjustment, May 2024 Estimate (other funds) \$2.1 million

The Budget includes an additional \$2.1 million in other funds, \$1.2 of which are for the Department of Transportation, reflecting the May 2024 gas tax estimate performed by the Office of Revenue Analysis (ORA). ORA increased the FY2025 per penny yield from \$4,216,378 to \$4,273,680, resulting in an overall fiscal year increase of \$2.1 million. The Rhode Island Public Transit Authority (RIPTA) is projected to receive an additional \$558,695 due to the revised projection. The following table compares the November and May gas tax estimates from ORA and illustrates the increases.

FY2025 Gas Tax Adjustment	ORA Nov. 2023	ORA May 2024	Change
RIPTA Transfer	\$39,001,497	\$39,531,540	\$530,044
UST to RIPTA Transfer	2,108,189	2,136,840	28,651
DEA Share	4,216,378	4,273,680	57,302
DOT Share	89,598,033	90,815,700	1,217,668
GARVEE Debt Service	8,432,756	8,547,360	114,604
RITBA Transfer	14,757,323	14,957,880	200,557
Total	\$158,114,175	\$160,263,000	\$2,148,825

ARPA SFRF: Municipal Roads Grant Program (federal funds) \$2.0 million

The Budget includes an additional \$2.0 million in ARPA SFRF for the Municipal Roads Grant Program in FY2025. The Governor’s Budget provides the program with \$5.0 million, which the Budget has increased for a total of \$7.0 million. The Municipal Road Grant Program provides funding to municipalities throughout the state, to perform construction and maintenance on municipal roads, sidewalks, and bridges. The program provides 33.0 percent of the funding cost for projects and require municipalities to match the remaining 67.0 percent.

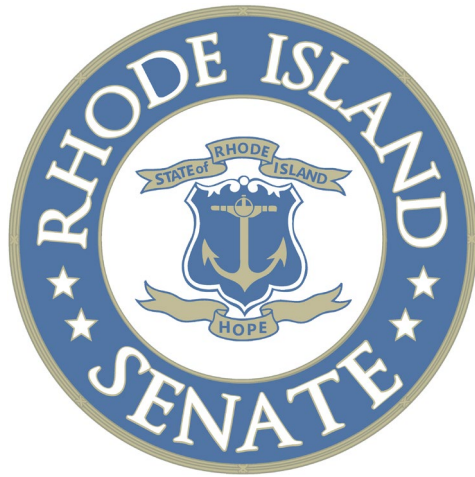
Gantries- Maintenance and Operations (other funds) (\$1.5 million)

The Budget removes \$1.5 million in receipts collected through tolls, that was originally appropriated to fund maintenance and operations of the tolling gantries. Due to the current litigation surrounding the State’s tolling program, the Department does not anticipate utilizing the funding in FY2025. Additionally, the Budget includes a total of \$5.2 million in FY2024 for a settlement related to outstanding payments with a tolling vendor.

288 Allens Avenue Facility- Lease Expense (other funds) (\$300,000)

The Budget removes \$300,000 in other funds included in the Governor’s Budget as a lease expense for the facility located at 288 Allens Avenue. The Department purchased the property in August 2023 and therefore did not utilize the funding. The Department had 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; however, the sale occurred in FY2024 and the FY2025 lease expenditures have been removed.



FY2024 SUPPLEMENTAL BUDGET

FY2024 Supplemental Revenue Changes

May 2024 REC

\$47.3 million

The May 2024 Revenue Estimating Conference (REC) increased its business taxes revenue estimate from November by \$88.5 million (with significant increases in business corporation tax and bank excise collections - \$61.6 million and \$15.3 million, respectively). These gains are offset by a \$68.7 million reduction in personal income tax revenue). These adjustments, along with other offsets and increases in other revenue sources (lottery, excise taxes, etc.), net the overall \$47.3 million increase above the Governor's proposal.

Homelessness Assistance Transfer

[\$10.0 million]

The FY2024 Revised Budget transfers \$10.0 million in surplus general revenue to a restricted receipt fund administered by the Housing Resources Commission in conjunction with the Department of Housing.

The General Assembly established the Housing Resources Commission Fund (HRCF) when it enacted the Housing Resources Act of 1998. The HRCF originally was administered by the Housing Resources Commission in conjunction with RIHousing and the State's Office of Housing and Community Development (Since 1998 the OHCD has been a division within the Department of Administration, an office within the Executive Office of Commerce, and is now part of the Department of Housing). The fund is used to support lead abatement programs, housing rental subsidy programs, and housing retention and homelessness programs. Article 14 of the FY2022 Budget as Enacted added housing production to the authorized uses of the funds. The HRCF is capitalized through a portion of the State's real estate conveyance tax, which averages just under \$5.0 million annually.

Article 7 of the FY2025 Budget changes the name of the HRCF to the Housing Resources and Homelessness Fund (HRHF) restricted receipt account. It shifts the administration of the fund to the Department of Housing, which must manage the fund in consultation with the Housing Resources Commission. Although \$10.0 million is transferred to the fund, the Budget only authorizes \$5.0 million in spending in FY2025.

Supplemental Rainy-Day Fund

[\$6.5 million]

The FY2024 Budget as Enacted established a Supplemental State Budget Reserve account and required that the State Controller transfer 50.0 percent of the excess general revenue, net of the transfer to the State Budget Reserve and Cash Stabilization account, to the new account.

Article 2 of the Governor's FY2025 Budget recommendation eliminates the transfer requirement funding stream to the account (any future monies would be subject to General Assembly appropriations). The FY2024 transfer was anticipated to be \$6.5 million, and the Article 2 changes result in an equivalent reduction for the fund.

The FY2025 Budget as passed by the House Finance Committee does not include the Governor's recommendation, and restores the \$6.5 million transfer.

Municipal Infrastructure Matching Pool Transfer

\$3.1 million

The Budget increases revenue in the current year by \$3.1 million as compared to the Governor's recommendation, reflecting the transfer of the entire FY2024 Budget as Enacted appropriation for the Municipal Infrastructure Matching Pool fund.

The MIG program, administered by the Rhode Island Infrastructure Bank (RIIB), 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.

The FY2023 Budget as Enacted provided \$2.5 million in general revenue for the program; however, the General Assembly increased this by an additional \$5.5 million in its FY2023 Final Budget (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.

According to RIIB, the standard MIG program is popular with municipalities, but there is a lack of interest the matching pool funds, with no city or town having applied to the program. Because of this the Governor had proposed transferring \$2.4 million to the general fund. The FY2024 Revised Budget recaptures the entire \$5.5 million, resulting in the \$3.1 million difference from the Governor’s recommendation. The FY2025 Budget includes an additional \$3.0 million for the Municipal Infrastructure Grant program.

FY2024 Supplemental Expenditure Changes by Agency

DEPARTMENT OF ADMINISTRATION

ARPA SFRF: COVID-19 Ongoing Response (federal funds) (\$21.2 million)

The Budget removes \$21.2 million in federal funding from the American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) for COVID-19 Ongoing Response activities. This budget amendment including the Governor's proposed reduction of \$20.6 million as part of the FY2024 Revised Budget will zero-out the budget appropriation in FY2024.

The FY2024 Budget as Enacted included \$41.8 million in federal funding from the ARPA SFRF for COVID-19 Ongoing Response activities. This also reflected 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. There have been no expenditures. According to the Pandemic Recovery Office (PRO), the State does not anticipate the need to use ongoing COVID-19 response funds during FY2024. As such, the Pandemic Recovery Office identified this as a Level I risk.

Rhode Island Capital Fund (RICAP) Changes (other funds) (\$13.6 million)

The Budget includes a net decrease of \$13.6 million in RICAP funds based on current expenditures and projections on the following various projects:

- **Pastore Center Non-Medical Building Asset Protection:** The Budget adds \$600,000 in RICAP funds for Pastore Center Non-Medical Buildings asset protection expenses related to the chiller at the Department of Labor and Training building.
- **Pastore Center Medical Building Asset Protection:** The Budget adds \$622,985 in RICAP funds for Pastore Center Medical Buildings asset protection expenses related to the readying wards at the Adolph Meyer building in preparation for patient relocation during the renovation of the Regan Building.
- **Medical Examiner Building:** The Budget adds \$150,000 in RICAP funds to FY2024, for exterior repairs recently uncovered during the build-out of the new Medical Examiner's Building located at 900 Highland Corporate Drive, Cumberland (Building # 3).
- **Pastore Infrastructure:** Based on the Department of Administration's updated plans, the Budget shifts \$2.4 million in RICAP funds from FY2024 to FY2025 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.
- **Cranston Street Armory:** The Budget removes \$2.0 million in RICAP funds that were appropriated 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 will leave an appropriation of \$250,000 in FY2024.
- **Communities Facilities Asset Protection:** Based on expenditure projections, the Budget removes \$100,000 in RICAP funds for state-owned community facilities for the Department of Children, Youth, and Families.
- **DoIT Information Operations Center:** Based on expenditure projections, the Budget shifts \$4.0 million in RICAP funds to FY2025 for HVAC and electrical work at the Information Operations Center located at 50 Service Avenue in the City of Warwick.

- **Statewide Facility (Pastore Center) Master Plan:** Based on expenditure projections, the Budget removes \$3.0 million in RICAP funds regarding a space assessment for the Division of Motor Vehicles, the Pastore Center, and to address deferred maintenance issues at state facilities.
- **State House Renovations:** Based on expenditure projections, the Budget removes \$2.0 million in RICAP funds for renovations to the State House in Providence. The projects include HVAC replacement, asset protection, mechanical improvements, and improvements to the grounds and walkways around the structure.
- **William Powers Building:** The William Powers Building, located in Providence, houses the Department of Administration, the Department of Revenue, and some smaller state agencies. Based on expenditure projections, the Budget removes \$1.5 million in RICAP funds in FY2024.

FEMA Contingency Reserve

(\$5.0 million)

The Budget removes \$5.0 million in general revenue reflecting the unexpended funds and reappropriated funds for the FEMA Contingency Reserve from FY2023 into FY2024. Article 1 of the FY2023 Revised Budget contained proviso language to automatically reappropriate all unspent funds from FY2023 to FY2024 for the same purpose.

The Budget shifts the \$5.0 million contingency reserve funding from FY2024 to FY2025 for FEMA reserve and contingency payments in the event that the federal FEMA reimbursements for COVID-19 response costs 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.

Turnover

(\$1.3 million)

The Budget decreases general revenue by \$1.3 million based on anticipated savings as stated in the third quarter report. Savings appear in the Accounts and Control, Office of Management and Budget, Statewide Planning, and in the Division of Capital Asset Management and Maintenance programs.

Wrongful Conviction Awards

(\$561,446)

The Budget shifts \$561,446 in general revenue from FY2024 to the FY2025 Budget, which is attributable to the reappropriation of unexpended FY2023 appropriations for wrongful conviction settlement awards there were anticipated to be disbursed in FY2024. However, according to the State's RIFANs accounting system, as of May 29, 2024, a total of \$200,350 has been disbursed during FY2024.

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.

Clifford Street (Garrahy) Garage

(\$358,000)

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.

The FY2024 Revised Budget includes \$1.3 million in general revenue for debt service for the Clifford Street (Garrahy) Parking Garage.

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 Governor's Revised Budget reduced the appropriation to \$896,583. This action further reduces the debt service appropriation by \$358,000 based on updated revenue projections. This results in a revised appropriation of \$538,583 in FY2024.

The capital plan projects that beginning FY2025, the full annual debt service will be paid by the leased parking revenues.

Rhode Island Health Benefit Exchange (HealthSourceRI) ***(\$358,000)***

The Budget includes a \$358,000 decrease in operating expenditures aligning with the Rhode Island Health Benefit Exchange's third quarter report. According to the Department's third quarter report, the Division projects a \$384,048 general revenue surplus which is primarily attributable to Return to Normal Operations (RTNO).

DEPARTMENT OF BUSINESS REGULATION

Fire Academy Expansion (RICAP) ***(\$5.1 million)***

The Budget shifts \$5.1 million in RICAP funds from FY2024 to FY2025. This shift is primarily attributable to the Academy experiencing lengthy delays and aligns with the Department's FY2024 third quarter report. The fire academy has experienced unprecedented growth in the preparation and training of future municipal firefighters. 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.

OHIC Social and Human Services Rate Review Correction ***(\$615,000)***

The Budget includes a general revenue decrease of \$615,000 to reflect increased Medicaid reimbursements for the most recent social and human services rate review. The amendment aligns with federal funding allocated for the review in the FY2024 revised budget.

OHIC Rhode Island Parent Information Network (RIPIN) Medicaid Match (federal funds) ***\$125,000***

The Budget includes an additional \$125,000 in federal funds for the Rhode Island Parent Information Network Medicaid Match. This amendment reflects a budgetary correction from the Governor's revised budget.

DEPARTMENT OF LABOR AND TRAINING

Executive Climate Change Coordinating Council Projects (restricted receipts) ***\$75,000***

Pursuant to Governor's Budget Amendment 21, dated May 23, 2024, the Budget shifts \$75,000 of Regional Greenhouse Gas Initiative (RGGI) restricted receipts from FY2025 to FY2024 for the Governor's Workforce Board. The Governor's Budget provides \$75,000 in both FY2024 and FY2025, and the Department anticipates spending the entirety of the funds in FY2024. There is a corresponding decrease of \$75,000 in the FY2025 Budget.

DEPARTMENT OF REVENUE

Lottery Building Renovations (other funds) ***(\$690,000)***

The Governor recommended \$1.1 million in Lottery Funds and \$850,000 in Rhode Island Capital Plan Funds (RICAP) in FY2024 to finance improvements to the Lottery building, increasing the office's operational capacity in response to new service offerings such as retail and mobile sports betting and iGaming. The Budget shifts \$690,000 of the RICAP funds to FY2025 based on updated schedules for the renovations.

BOARD OF ELECTIONS***Voting Equipment Contract Services* **\$335,662****

The Budget adds \$335,662 in general revenue reflecting a new contract for license, maintenance, and support services for voting equipment that was not available at the time the Governor’s budget was finalized.

EXECUTIVE OFFICE OF COMMERCE***South Quay (federal funds)* **(\$35.0 million)****

The South Quay Marine Terminal project was allotted \$35.0 million in American Rescue Plan Act State Fiscal Recovery Funds (ARPA SFRF) through FY2024 to help finance the build-out of the new port facilities at South Quay. This initiative was intended 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. As of the second quarter of FY2024, this project was identified by the Pandemic Recovery Office (PRO) as a Level II Risk due to the fact that no project funds had been transferred as of this time. The statutory language for this project indicated that “these funds shall only be allocated and spent if sufficient matching funds for completion of the project are committed by February 1, 2024”. Due to a lack of available matching funds, the Budget eliminates funding for this project in order to make the funds available for other use.

Small Business Direct Grant/Technical Assistance Programs – Bridge Relief (federal funds)* **\$1.3 million*

The Budget allocates \$2.6 million in federal SFRF funding to provide relief to businesses impacted by the closure of the Washington Bridge.

First authorized by the General Assembly in January 2022, the SFRF-funded Small Business Direct Grant and Technical Assistance Programs were established to help businesses impacted by the pandemic. The programs initially received a combined \$32.0 million in appropriations. In April 2024, the Governor requested an amendment to the Budget that would direct \$1.3 million of the unexpended funds for these programs to be used to provide relief to businesses impacted by closure of the Washington Bridge. Of this amount, \$600,000 would be allocated to the City of East Providence, \$400,000 would be allocated to the City of Providence, and \$300,000 would be allocated to the Executive Office of Commerce to assist businesses in all other communities.

The Budget incorporates the Governor’s request and augments it by shifting \$1.3 million of SFRF funds previously allocated to other projects to the Small Business Direct Grant and Technical Assistance program, resulting in East Providence being allocated \$1.2 million, with Providence receiving \$800,000, and Commerce receiving \$600,000, for a total of \$2.6 million.

DEPARTMENT OF HOUSING***ARPA SFRF: Targeted Housing Development shift (federal funds)* **(\$5.0 million)****

A Governor’s Budget Amendment dated April 22, 2024, reduces State Fiscal Recovery Funds (SFRF) within the Targeted Housing Development project by \$5.0 million in order to reallocate this funding to the Homelessness Assistance Program. The Targeted Housing Development project includes \$27.0 million for a priority projects fund and \$4.0 million for transit-oriented housing. This amendment shifts funds from within the priority projects allotment, with the transit-oriented housing allocation remaining unchanged.

ARPA SFRF: Housing Related Infrastructure shift (federal funds)* **(\$1.3 million)*

A Governor’s Budget Amendment dated April 22, 2024, reduces State Fiscal Recovery Funds (SFRF) within the Housing Related Infrastructure project by \$1.3 million in order to reallocate this funding to the Homelessness Assistance Program. Program funds for this project are allocated to the Rhode Island Infrastructure Bank (RIIB) and must be used for pre-development and development of site-related

infrastructure that supports housing that meets affordable housing pricing and/or income and other criteria as established by the Department of Housing. The amendment which shifts the funding notes undersubscription as the reason for the reduction.

ARPA SFRF: Municipal Homelessness Support Initiative shift (federal funds) (\$300,000)

A Governor's Budget Amendment dated April 22, 2024, reduces State Fiscal Recovery Funds (SFRF) within the Municipal Homelessness Supports project by \$300,000 in order to reallocate this funding to the Homelessness Assistance Program. The Municipal Homelessness Supports project provides grants for community services that help emergency shelters improve outcomes in local communities through services such as homeless outreach, day programs, ambulance response, and subsidized municipal services. The amendment which shifts the funding notes undersubscription as the reason for the reduction.

EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES

May 2024 Caseload Estimating Conference (\$6.2 million)

The Budget includes a net general revenue decrease of \$6.2 million (a decrease of \$55.8 million all funds) to reflect the results of the May 2024 Caseload Estimating Conference (CEC). The estimates project total Medicaid spending of \$3,314.5 million in FY2024, including \$1,226.9 million from general revenues. The net reduction is primarily from a reduced caseload due to the return to normal operations redetermination activity that began in April 2023 and is expected to conclude in June 2024. Additional reductions were realized due to the delay of the Certified Community Behavioral Health Clinics (CCBHC) initiative from February 1, 2024, to October 1, 2024, and of the conflict-free case management initiative.

Home and Community Based Services (HCBS)- ARPA Enhanced FMAP (federal funds) \$5.0 million

Pursuant to a Governor's budget amendment, dated May 23, 2024, the Budget includes an increase of \$5.0 million in federal funds and a decrease of \$7.3 million in restricted receipts to reflect updated expenditure projections for HCBS. 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.

CurrentCare/Opt-Out Implementation (\$548,166)

Based on the third quarter report, the procurement has been delayed and the Budget shifts \$548,166 in general revenue and \$4.9 million in federal funds from FY2024 into FY2025. CurrentCare is a centralized health information exchange that provides a comprehensive patient health record to enhance communication between providers. The electronic network is operated by the Rhode Island Quality Institute. When initially implemented, individuals had to sign up to be included in the system. In 2021, the General Assembly changed the enrollment to an opt-out process.

Unified Health Infrastructure Project (UHIP) Expenses (\$325,826)

Based on the third quarter report, the Budget reduces general revenue expenditures for UHIP by \$325,826 and federal fund expenditures by \$3.5 million. UHIP, the largest information technology (IT) project undertaken by the State, is intended to fully integrate health and human service programs, and establish a State-based health insurance exchange, HealthSource RI. The decrease is due to a reduced caseload, based on the return to normal operations redetermination activity. The Consolidated Appropriations Act (CAA), signed on December 29, 2022, provided for the end of the continuous enrollment condition in place during the COVID-19 public health emergency. Pursuant to the CAA, redetermination began in April 2023 with beneficiaries being disenrolled beginning in June 2023, and is expected to conclude in June 2024.

Income Verification Software/The Work Number (\$85,974)

The Budget reduces funding for the implementation of the income verification software known as The Work Number (TWN), by \$85,974 in general revenue and \$318,847 in federal funds due to the delayed

implementation of the initiative as indicated in the third quarter report. Currently, income data for Medicaid eligibility is determined through State Wage Information Collection Agency (SWICA) data or the Internal Revenue Service (IRS); however, the SWICA is only updated quarterly and is known to be 30 to 120 days old and IRS data is updated annually. TWN data provides employment data by pay period. Post-Eligibility Verification (PEV) is required quarterly pursuant to state regulation.

DEPARTMENT OF HEALTH

Health Laboratory Funding Shift (RICAP) **\$1.0 million**

Pursuant to the Governor's Budget Amendment dated May 8, 2024, the Budget includes a shift of \$1.0 million in RICAP funding from FY2025 to FY2024 to account for updated expenditure projections through the end of the fiscal year. These shifts in funds are attributable to new expenses related to the on boarding of the project manager and the contract, which is expected to be in FY2024 rather than FY2025.

DEPARTMENT OF HUMAN SERVICES

Turnover **(\$800,000)**

The Budget includes a general revenue decrease of \$800,000 to reflect personnel savings to align with the Department's third quarter report. Through the May 18, 2024 payroll period, the Department has averaged 164.0 vacant FTE positions.

UHIP FY2024/FY2025 Shift **(\$175,784)**

Pursuant to the Governor's Budget Amendment dated May 23, 2024, the Budget includes a general revenue decrease of \$175,784, with a corresponding federal funds decrease of \$862,062. These expenditure changes relate to updated expenditure projections within UHIP, primarily related to delayed purchasing of equipment and services, and a revenue surplus in Return to Normal Operations (RTNO). The shift occurs in two separate divisions, the Division of Individual and Family Support (IFS), and the Division of Health Care Eligibility (HCE). The table below identifies the funding changes made in these Divisions.

Income Verification Software (The Work Number) **(\$129,601)**

Pursuant to the Governor's Budget Amendment dated May 23, 2024, the Budget includes a general revenue decrease of \$129,601, with a corresponding federal funds decrease of \$91,538. These funding changes are primarily due to updated expenditure projections. The Department expected to purchase services required to implement The Work Number in FY2024; however, these purchases will be delayed until FY2025. Both expenditure changes occur in the Department's Division of Individual and Family Support.

The Work Number is a software created by Equifax that quickly and accurately provides beneficiary income data. Currently, the State utilizes State Wage Information Collection Agency (SWICA) information to determine beneficiary income. However, SWICA is often delayed and inaccurate, which causes delays in benefits and inconsistency across human service program. TWN is intended to improve wage accuracy where SWICA falls short and has the potential to decrease benefit costs.

May CEC **\$37,412**

Pursuant to the Governor's Budget Amendment dated May 23, 2024, the Budget includes a general revenue increase of \$37,412 to align with updated estimates as determined by the 2024 May Caseload Estimating Conference. The Amendment includes a corresponding federal funds decrease of \$6.7 million. The table below identifies the funding changes made during the Conference.

May Caseload Estimating Conference Changes	General Revenue	Federal Funds
Temporary Assistance for Needy Families (TANF)		- \$6,746,511
Supplemental Security Income	140,640	-
General Public Assistance	(103,228)	-
Total	\$37,412	\$6,746,511

Office of Healthy Aging – Gas Tax Revision **(\$33,526)**

Pursuant to the Governor’s Budget Amendment dated April 8, 2024, the Budget includes a decrease of \$33,526 to reflect updated gas tax estimates prepared in conjunction with the May 2024 Revenue Estimating Conference.

DEPARTMENT OF BEHAVIORAL HEALTHCARE, DEVELOPMENTAL DISABILITIES, AND HOSPITALS

May CEC Adjustment **(\$16.8 million)**

A Governor’s Budget Amendment dated May 23, 2024, decreases general revenues by \$16.8 million (\$39.6 million all funds) to align funding in the Services for the Developmentally Disabled program with the caseloads adopted at the May 2024 Caseload Estimating Conference.

Medicaid Billing Correction **\$6.5 million**

The Budget increases general revenues by \$6.5 million to correct for Medicaid billing issues within the Services for the Developmentally Disabled program. The correction adjusts for the overbilling of federal funds related to Medicaid billing for administrative expenses from FY2020 through FY2023.

Out-of-State Facility Contract Expiration **(\$1.5 million)**

The Budget reduces general revenues by \$1.5 million to correct for the inclusion of a contract with a facility in South Carolina which had previously provided forensic services to the Department but which has since expired.

ESH Fence Construction Shift **(\$344,000)**

Pursuant to a Governor’s Budget Amendment dated May 23, 2024, the Budget decreases general revenues by \$344,000 to reflect the shifting of unspent funds to FY2025 related to delays in the installation of a fence at Eleanor Slater Hospital (ESH).

Student Assistance Funds Adjustment (restricted receipts) **(\$161,000)**

A Governor’s Budget Amendment dated May 23, 2024, decreases restricted receipts by \$161,000 to correct for the inadvertent inclusion of funding for student assistance programs that are not available in FY2025.

RICLAS Vehicle Adjustment **(\$152,507)**

A Governor’s Budget Amendment dated May 23, 2024, shifts \$152,507 in general revenues (\$344,648 all funds) from FY2024 into FY2025 to reflect a delayed timeline for vehicle purchases for RICLAS due to supply chain issues.

Conflict-Free Case Management Expense Correction **(\$122,892)**

A Governor’s Budget Amendment dated March 11, 2024, decreases general revenues by \$122,892 to reflect an inadvertent overbudgeting of contracting expenses for case management services within the Services for the Developmentally Disabled program.

RICAP Residential Supports (RICAP funds) **\$100,000**

A Governor’s Budget Amendment dated March 11, 2024 increases Rhode Island Capital Plan (RICAP) funds by \$100,000 to restore funding inadvertently excluded for the Residential Support capital project within the Services for the Developmentally Disabled program.

ESH Vehicle Shift **(\$47,501)**

A Governor's Budget Amendment dated May 23, 2024, shifts \$47,501 in general revenues (\$107,346 all funds) from FY2024 to FY2025 to reflect a delayed timeline for vehicle purchases for Eleanor Slater Hospital (ESH) due to supply chain issues.

DD Independent Facilitators **\$42,000**

A Governor's Budget Amendment dated April 8, 2024, increases general revenues by \$42,000 (\$84,000 all funds) to provide funding for an additional 18.0 FTE positions related to conflict-free case management. The timeline for the implementation of conflict-free case management within the Division of Developmental Disabilities has been delayed and is intended to phase-in through FY2026. The additional funding allows for an increase of 18.0 FTE positions for state staff to serve as independent facilitators in FY2024 and FY2025 in order to ensure compliance with the federal consent decree.

ELEMENTARY & SECONDARY EDUCATION**ESSER Funds Overstatement (federal funds)** **(\$28.8 million)**

To correct for an overstatement of available Elementary and Secondary Education Relief (ESSER) funds, the Budget reduces federal ESSER funding by \$28.8 million to more accurately reflect available resources. Expenditure and allocation amounts for each LEA can be found at the [ESSER Funds Dashboard](#) on the Department's website.

Education Aid – Charter School Adjustment **\$200,647**

The Budget includes an increase in charter school funding of \$200,647 due to a 10.7 percent increase in enrollment at the Apprentice Exploration School relative to the FY2024 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 June membership count, the state payments to the school are adjusted to reflect the actual enrollment of the school.

Early Childhood **(\$153,418)**

Pursuant to the third quarter report, the Budget includes \$153,418 in savings from administrative costs associated with the early childhood categorical fund.

School for the Deaf - Turnover Savings **(\$100,000)**

Based on the third quarter report, the Budget realizes turnover savings totaling \$100,000 in general revenue. As of the May 20, 2024, the School for the Deaf has 3.4 vacant positions.

PUBLIC HIGHER EDUCATION**Rhode Island Capital Plan (RICAP) Fund Changes** **(\$9.9 million)**

The Budget includes a reduction of \$9.9 million in Rhode Island Capital Plan (RICAP) funding, including the following:

- **Capital – Davies Healthcare Classrooms:** Due to project delays, the Budget shifts \$6.9 million in RICAP funding for the Davies Healthcare classrooms project from FY2024 into FY2025. 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.
- **Capital - Davies School Wing Renovation:** Due to project delays, the Budget shifts \$2.0 million in RICAP funds from FY2024 into FY2025 to replace the wing of the building that was built 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.

- **Capital – Davies HVAC: Due to project delays**, the Budget shifts \$1.0 million in RICAP funds for the replacement and repair of the HVAC system at Davies from FY2024 into FY2025. 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.

CCRI Renovation and Modernization Phase 1 (RICAP)

(\$5.7 million)

The Budget includes a RICAP decrease of \$5.7 million for the College's renovation and modernization project. Subsequent to the Office of the Postsecondary Commissioner's third quarter report, the College projects a surplus and recommends shifting \$1.7 million to FY2027 and \$4.0 million to FY2028. Phase 1 is expected to cost a total of \$59.5 with \$12.0 million from general obligation bonds which were approved in March 2021. The project includes renovations and enhancements of academic and student support spaces, along with other infrastructure project among the four campuses.

CCRI Data Cabling and Power Infrastructure (RICAP)

(\$2.8 million)

The Budget includes a decrease in RICAP funding which supported the College's Data Cabling and Power Infrastructure projects. Pursuant to the Office of the Postsecondary Commissioner's third quarter report, the College projects an expenditure surplus, expending only \$350,000 of the \$3.3 million appropriated in FY2024. The Budget reappropriates \$500,000 to each FY2025, 2026, and 2027, and \$1.3 million in FY2028. The project assesses, designs, and constructs 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 – Flanagan Campus Renewal (RICAP)

(\$1.0 million)

The Budget includes a RICAP decrease of \$1.0 million for the College's Flanagan Campus Renewal project. Pursuant to the Office of the Postsecondary Commissioner's third quarter report, the College projects a surplus and recommends shifting these funds to FY2027. The project is estimated to cost a total of \$12.5 million and includes 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.

RI Promise Scholarship

(\$605,585)

Pursuant to the Governor's Budget Amendment dated May 23, 2022, the Budget includes a general revenue decrease of \$605,585 to align with updated enrollment projections for the RI Promise Scholarship at the Community College of Rhode Island (CCRI). According to the most recent report, CCRI is expecting 4.0% growth in the program. However, a majority of student will come from low-income households, resulting in more than projected Pell-grant funding. Additionally, changes to the Pell-grant formula allowed the school to identify more students of financial need.

HISTORIC PRESERVATION AND HERITAGE COMMISSION**3rd Quarter Adjustment****(\$350,000)**

The Budget decreases general revenue by \$350,000 based on anticipated personnel savings as stated in the third quarter report. Through the May 18, 2024, payroll period, the Commission has averaged 4.8 vacancies.

DEPARTMENT OF CORRECTIONS**Correctional Officer Class****(\$1.3 million)**

The Budget includes a \$1.3 million general revenue decrease in the Department of Corrections, due to a reduction in Correctional Officer training classes. The Governor's Budget includes funding for three Correctional Officer training classes in FY2024 and assumes fifty trainees per class. The Department held two classes and graduated 13 Correctional Officers in Class 88, and 18 in Class 89. The Department anticipates Class 90 to start in early FY2025.

MILITARY STAFF**Counter Drug Facility Correction (federal funds)****(\$5.3 million)**

The Budget removes \$5.3 million in federal asset forfeiture funds that was inadvertently included in the Governor's FY2024 Revised Budget for the Counterdrug Facility capital project. The project year is FY2025.

DEPARTMENT OF PUBLIC SAFETY**Body-Worn Camera Project Shift to FY2025****(\$11.5 million)**

The Budget shifts \$11.5 million of general revenue from FY2024 to FY2025 for the Body-Worn Camera Project, in order to reflect the Department's updated spending plan. The Budget includes a corresponding \$11.5 million general revenue increase in FY2025. Furthermore, the FY2024 Budget as Enacted includes reappropriation language for this initiative.

ARPA SFRF: Support for Survivors of Domestic Violence Shift to FY2025 (federal funds) (\$10.0 million)

The Budget shifts \$10.0 million of American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) from FY2024 to FY2025, for the Support for Survivors of Domestic Violence project, in order to reflect the project's current timeline. The Public Safety Grant Administration Office (PSGAO) manages federal awards on a cash reimbursement basis and indicates that the project is currently in its execution phase. As grant awardees expense funds and generate receipts, the PSGAO will provide reimbursements.

Southern Barracks Shift to Out-Years (RICAP)**(\$2.5 million)**

The Budget shifts \$2.5 million of RICAP funds from FY2024 to future out-years, in order to reflect the current timeline for the construction of the Southern Barracks. Governor's Budget Amendment 6, dated March 29, 2024, shifts \$1.0 million of RICAP funds from FY2024 to FY2026, and increases the FY2026 appropriation by an additional \$3.1 million, for a total FY2026 increase of \$4.1 million. The Budget includes the Governor's amendment and shifts an additional \$1.5 million from FY2024 to FY2025. The following table illustrates the project's RICAP funding schedule.

Project	FY2022	FY2023	FY2024	FY2025	FY2026	Total
Southern Barracks	\$0.4	\$1.2	\$1.5	\$21.5	\$16.8	\$41.4
Total	\$0.4	\$1.2	\$1.5	\$21.5	\$16.8	\$41.4

\$ in millions.

Security Services Turnover**(\$1.5 million)**

The Budget includes an additional general revenue savings of \$1.5 million due to turnover within the Security Services program. The Department's 3rd Quarter Report indicates the Sheriffs sub-program has 43.0 vacant FTE positions, which has been a result of recruitment and retention challenges. The Department's most recent Sheriffs training class forecasted 20 recruits but graduated 8. The next training class is projected to conclude in January 2025.

Asset Protection Shift to FY2025 (RICAP)**(\$1.3 million)**

The Budget shifts \$1.3 million of RICAP funds from FY2024 to FY2025 for the Department's administration and radio buildings, to reflect the current construction plans. The Budget includes a corresponding \$1.3 million increase in FY2025.

Training Academy Upgrades Shift to FY2025 (RICAP)**(\$300,000)**

The Budget shifts \$300,000 of RICAP funds from FY2024 to FY2025 for upgrades to the Training Academy, in order to reflect the project's updated timeline. The funding shift primarily reflects delays associated with the two feasibility studies that the Department experienced. The Budget includes a corresponding \$300,000 increase in FY2025.

OFFICE OF THE PUBLIC DEFENDER**Turnover****(\$200,000)**

The Budget includes an additional \$200,000 in general revenue savings related to turnover in the Office of the Public Defender. The Office indicates that they have experienced recruitment and retention challenges related to excessive caseloads and uncompetitive salaries.

ENVIRONMENTAL MANAGEMENT**Rhode Island Capital Plan (RICAP) Fund Changes****(\$2.1 million)**

The Budget includes a decrease of \$2.1 million in Rhode Island Capital Plan (RICAP) funding, including the following:

- **Galilee Piers:** Due to an updated project schedule, the Budget shifts \$1.8 million in funding from FY2024, leaving a balance of \$9.0 million, to FY2025 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.
- **Marine Infrastructure/Pier Development:** Based on an updated project schedule, the Budget shifts \$300,000 from FY2024 into FY2025, 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.

DEPARTMENT OF TRANSPORTATION**Highway Maintenance Account Transfer of RIDOT Share to FY2025 (other funds)****(\$6.6 million)**

The Budget shifts \$6.6 million of receipts collected by the Highway Maintenance Account (HMA) to FY2025, in order to partially fund the increased expenditures related to the Washington Bridge project. The

May 2024 estimate from the Office of Revenue Analysis (ORA) projects the Department of Transportation to receive \$6.6 million more in FY2024 than projected in November, primarily related to a \$5.6 million increase in rental car surcharges. The following table compares the November and May HMA estimates and the projected share received by the Department of Transportation, RIPTA, and general fund.

FY2024 HMA Adjustment	ORA Nov. 2023	ORA May 2024	Change
Licenses and Registrations Base	\$54,941,511	\$54,941,511	\$0
Licenses Surcharge	5,144,717	5,336,298	191,581
Vehicle Registrations Surcharge	14,903,915	15,458,911	554,996
Rental Vehicle Surcharge	4,403,769	10,033,289	5,629,520
Emission Inspection Fees	14,118,096	14,643,830	525,734
Motor Vehicle Title Fees	10,062,679	10,437,396	374,717
Good Driving Fees	343,905	343,905	-
RIHMA Total	\$103,918,592	\$111,195,140	\$7,276,548
5% Share to RIPTA	\$4,936,133	\$5,281,769	\$345,636
\$5.0 Million Base to RIPTA	5,000,000	5,000,000	-
5% Share to General Revenues	5,195,930	5,559,757	363,827
DOT Share	\$88,786,529	\$95,353,615	\$6,567,086

Stimulus- Highway Infrastructure Funds (federal funds)

\$4.3 million

The Budget includes an additional \$4.3 million in federal stimulus highway infrastructure funds reflecting updated expense schedules. The Department received a total of \$54.3 million in federal stimulus funds, of which, \$50.0 million was expensed through FY2023 for preventative maintenance projects. The remaining \$4.3 million was expensed in FY2024 but not included in the Governor's FY2024 Budget.

Tolling Vendor Settlement (other funds)

\$3.7 million

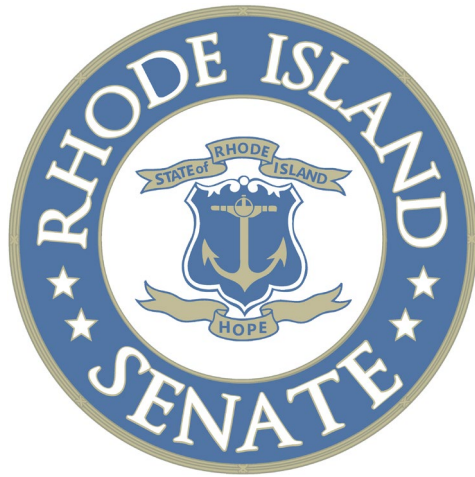
Pursuant to Governor's Budget Amendment 21, dated May 23, 2024, the Budget includes an increase of \$3.7 million in other funds due to a settlement with a tolling vendor. The Budget increases the enacted amount of \$1.5 million to \$5.2 million for the settlement payout, which is supported by receipts collected as toll revenue. The settlement reflects outstanding payments for work and claimed \$5.2 million in expenses.

Gas Tax and Highway Maintenance Account Transfers (other funds)

\$451,956

The Budget includes an additional \$451,956 in transfers of gas tax and HMA funds in FY2024, reflecting upward projections from the May 2024 estimate by ORA. The updated projections indicate a net increase of \$276,850 in Departmental transfers to RIPTA, including a \$345,636 increase in HMA funds offset by a \$68,786 decrease in gas tax transfers.

FY2024 RIDOT Transfers	FY2024 Governor	FY2024 Supplemental	Difference
HMA to RIPTA	\$4,936,133	\$5,281,769	\$345,636
HMA to General Fund	5,195,930	5,559,757	363,827
Gas Tax to RIPTA	39,838,215	39,772,956	(65,259)
Gas Tax: UST to RIPTA	2,153,417	2,149,890	(3,528)
Gas Tax to DOT	91,520,223	91,370,304	(149,919)
Gas Tax to GARVEE	8,613,668	8,599,558	(14,110)
Gas Tax to RITBA	15,073,919	15,049,227	(24,693)
Total Transfers	\$167,331,504	\$167,783,460	\$451,956



SPECIAL REPORTS

Municipal Aid

The Budget essentially level funds state aid to municipalities in FY2025 (nominal change occurring in library construction aid). The \$28.0 million set aside by the General Assembly in the FY2024 Budget as Enacted for the new Tangible Tax Reimbursement state aid program is automatically reappropriated in FY2025 according to the statutorily prescribed implementation schedule. The Distressed Community Relief program is level funded at \$12.4 million. The Payment in Lieu of Taxes program is also level funded at \$49.2 million, representing 26.7 percent of value of eligible properties (state law allows up to 27.0 percent). Meal and Beverage Tax revenue is projected to increase by a total of \$2.3 million for FY2025 and the Hotel Tax is projected to increase by \$227,712. Tables showing impacts by community are included at the end of this analysis.

Program	FY2024	FY2024	Change from		FY2025	Change from	
	Enacted	HFC	Enacted		HFC	Enacted	
Payment in Lieu of Taxes	\$49.2	\$49.2	-	-	\$49.2	-	-
Distressed Communities	12.4	12.4	-	-	12.4	-	-
Motor Vehicle Excise Tax	234.7	234.7	-	-	234.7	-	-
Tangible Tax Reimbursement	28.0	-	(28.0)	-100%	28.0	-	-
State Aid to Libraries							
Grant-in-Aid	11.5	11.5	-	-	11.9	0.4	0.0
Library Construction	2.1	2.1	-	-	2.2	0.1	4.8%
Total Direct Aid	\$337.9	\$309.9	(\$28.0)	-8.3%	\$338.4	\$0.5	0.1%
Public Service Corporations Tax	\$13.1	\$14.5	1.4	10.7%	\$14.5	1.4	0.1
Meals & Beverage Tax	37.7	38.5	0.8	2.2%	40.0	2.3	6.2%
Hotel Tax	14.0	13.3	(0.7)	-5.0%	13.5	(0.5)	-3.6%
Airport Impact Aid	1.0	1.0	-	0.0%	1.0	-	0.0%
Total Indirect Aid*	\$65.9	\$67.4	\$1.5	2.3%	\$69.1	\$3.2	4.9%
Total Aid	\$403.8	\$377.3	(\$26.5)	-6.6%	\$407.5	\$3.7	0.9%

\$ 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 FY2025, level with the FY2024 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 FY2025 Budget funds PILOT at 26.7 percent.

Distressed Community Relief

The Distressed Community Relief program was established in 1990 to provide State assistance to communities with the highest property tax burdens relative to the wealth of taxpayers. The Budget includes \$12.4 million in general revenue for the Distressed Community Relief Fund in FY2025, level with the FY2024 enacted level.

Six communities are eligible to receive funds under the program in FY2025. 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.

Fiscal Year	PILOT Funding Trends		
	Total Funding	% Change	% Reimbursed
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%
2025	49.2	1.7%	26.7%

\$ in millions.

* includes additional federal pandemic relief funds

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.

Municipality	FY2024	FY2025	Change
	Enacted	HFC	
Central Falls	\$263,947	\$268,136	\$4,189
North Providence	1,168,448	1,140,776	(27,672)
Pawtucket	1,799,105	1,808,532	9,427
Providence	7,069,428	7,107,546	38,118
West Warwick	1,167,490	1,157,378	(10,112)
Woonsocket	916,041	902,090	(13,951)
Total	\$12,384,459	\$12,384,459	-

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, taking place in FY2023 instead of FY2024. 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.

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). The legislation advancing the phase-out preserved 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 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 FY2024 is \$225.5 million, with an average of \$5.8 million per municipality.

The Article 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 to be made until a municipality or fire district has provided DMF with its certified tax roll and any other required information.

Municipalities have until August 15, 2024, to document, certify, and file the assessment with the Division of Municipal Finance. The latter must also certify the information in order to make reimbursements to municipalities by the statutory deadline of September 30th. Based on this schedule, funds for reimbursements must be made available through appropriations in FY2025.

The FY2024 Budget as Enacted included \$28.0 million in general revenue within the Department of Revenue for the new state aid program with the provision that any unused funds be subject to automatic reappropriation to the following fiscal year. These funds were appropriated as a placeholder with the understanding that implementation and reimbursements do not take place until FY2025. The FY2025 Budget reappropriates the funds in their entirety.

Article 6 Changes: Article 6 of the FY2025 Budget modifies the methodology of calculating the amount of revenue municipalities lose due to the statewide tangible tax exemption. The calculation determines the amount to be reimbursed to cities and towns through state aid. Originally, foregone revenue was equal difference between a municipality's tangible property tax levy as of the assessment date December 31, 2022 and levy as of December 31, 2023 (the latter period would be the first reflecting the impact of the exemption). According to the Department of Revenue, some municipalities considered this methodology to be unworkable. Article 6 substitutes a new calculation that divides the tangible property assessment for the assessment date of December 31, 2023 lost due to the exemption by 1000 multiplied by the tangible property tax rate for the assessment date of December 31, 2023. The article also allows municipalities for which the lost assessment is unknown to use internal policies and procedures in place as of December 31, 2022 to estimate the loss. Lastly, the Division of Municipal Finance retains the discretion to audit municipalities and the methodology chosen.

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 \$14.1 million in total direct library aid in FY2025. 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 FY2025 appropriation is fully-funded at the 25.0 percent level.

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 FY2025, the Budget includes \$2.2 million for Library Construction Aid, \$114,265 more than the FY2024 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.

The FY2025 Budget includes the estimated amount of \$14.5 million to be distributed to municipalities on July 30, 2025.

Public Service Corporation		
Fiscal Year	Total Funding	% Change
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	14.5	10.7%
2025	14.5	0.0%

\$ in millions

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 FY2024, the Office of Revenue Analysis anticipates \$38.5 million in collections, increasing to \$40.0 million in FY2025.

Hotel Tax

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

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

Hotel Tax Distribution		
Total		
Fiscal Year	Distribution	Change
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	13.3	-3.4%
2025	13.5	1.7%

\$ in millions

Meals & Beverage Tax		
Fiscal Year	Total Funding	% Change
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	38.5	7.8%
2025	40.0	3.9%

\$ in millions

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

The Budget includes \$13.3 million in estimated hotel tax distribution in FY2024 and \$13.5 million in FY2025. The significant decrease in hotel tax collections from FY2020 to FY2021 (69.6 percent) is related to the impact of pandemic restrictions on travel.

OTHER AID TO LOCAL GOVERNMENT

Warwick Rental Car Tax Revenue

The RI Airport Corporation levies a customer service charge (CSC) of \$5.00 per day for all vehicle rentals from companies operating at T.F. Green Airport in Warwick. Revenues from the CSC are to be used to pay for the construction, expansion, reconfiguration, operation and maintenance of the Warwick Intermodal Transit Station. The CSC is applied prior to the application of the sales tax and rental vehicle surcharge. Since 2003, per RIGL 1-2-17.1, all sales taxes (7.0 percent) and rental vehicle surcharges (6.0 percent) collected from the application of the CSC have been deposited into a restricted receipt account for the City of Warwick. The Budget includes \$995,120 in CSC payments to the City in both FY2024 and FY2025.

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 \$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	FY2024*	FY2025^	Change
Warwick T.F. Green	\$742,618	\$768,857	\$26,239
Block Island	47,267	44,623	(2,643)
Middletown - Newport Airport	35,601	33,437	(2,164)
North Central - Smithfield	25,000	25,000	-
North Central - Lincoln	25,000	25,000	-
North Kingstown - Quonset	64,642	56,255	(8,386)
Westerly	59,974	55,492	(4,482)
Grand Total	\$1,000,100	\$1,008,664	\$8,564

*FY2024 Airport Impact Aid is based on Calendar Year 2023 landing data that is made available in May 2024.

^FY2025 Airport Impact Aid is based on Calendar Year 2024 landing data that is made available in March 2025.

Final FY2025 distribution amounts will be made based upon data anticipated to be received in Q3/4 of FY2025.

Property Revaluation Reimbursement

In 1997, the General Assembly enacted legislation requiring municipalities to conduct full property revaluations every nine years and statistical updates at year 3 and year 6. Communities are responsible for appropriating funds to cover the costs of full property revaluations; however, the State reimbursed municipalities for 100.0 percent of the first statistical update. Reimbursements for subsequent updates were set at 80.0 percent (up to \$16 per parcel) for the second statistical update and 60.0 percent (up to \$12 per parcel) for the third and subsequent statistical revaluations. The Budget includes \$1,887,448 in general revenue for the Property Revaluation program in FY2025, reflecting an increase of \$981,119 relative to the FY2024 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 2025: Cumberland, North Providence, Johnston, Glocester, West Greenwich, Charleston, Richmond, and Hopkinton. Coventry, Portsmouth, and Warren are scheduled for a full revaluation.

Property Revaluation Program Total

Fiscal Year	Distribution	Change
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	-62.3%
2024	0.9	-39.6%
2025	1.9	108.3%

\$ in millions

FY2025 - Direct Municipal Aid to Cities and Towns

Municipality	FY2024 Enacted ⁴	Payment in Lieu of Taxes	Distressed Communities Relief Fund	Motor Vehicle Excise Tax	Tangible Property ⁴	Library Aid	FY2025	HFC	Change from
									FY2024 Enacted ⁵
Barrington	\$6,292,775	\$18,976	-	\$5,894,822		\$374,472	\$6,288,269	(\$4,505)	
Bristol	4,417,875	1,324,937	-	2,905,818		218,673	4,449,428	31,554	
Burrillville	5,337,682	60,737	-	5,053,933		237,425	5,352,095	14,413	
Central Falls	2,378,839	-	268,136	2,077,974		37,296	2,383,406	4,568	
Charlestown	1,085,143	-	-	1,020,877		68,182	1,089,059	3,916	
Coventry	6,123,945	-	-	5,872,396		269,635	6,142,031	18,086	
Cranston	27,139,431	4,037,181	-	22,312,247		801,676	27,151,104	11,672	
Cumberland	6,427,395	-	-	6,073,469		362,208	6,435,677	8,282	
East Greenwich	3,371,602	819,440	-	2,417,332		153,342	3,390,114	18,513	
East Providence	12,165,367	296,967	-	11,433,479		457,226	12,187,672	22,305	
Exeter	2,298,163	-	-	2,241,381		65,245	2,306,626	8,463	
Foster	1,694,087	-	-	1,652,251		42,989	1,695,240	1,154	
Glocester	2,477,279	-	-	2,381,941		99,016	2,480,957	3,678	
Hopkinton	1,673,559	-	-	1,629,259		44,300	1,673,559	-	
Jamestown	743,574	-	-	622,793		121,534	744,327	752	
Johnston	10,516,238	-	-	10,382,785		130,296	10,513,081	(3,157)	
Lincoln	5,942,631	-	-	5,683,015		273,980	5,956,995	14,365	
Little Compton	409,369	-	-	366,775		44,558	411,334	1,965	
Middletown	2,157,351	-	-	1,976,448		180,903	2,157,351	-	
Narragansett	2,041,527	-	-	1,831,251		246,158	2,077,409	35,882	
Newport	4,449,731	1,773,418	-	2,223,671		118,589	4,115,678	(334,053)	
New Shoreham	271,567	-	-	163,298		500,366	663,664	392,097	
North Kingstown	5,732,666	50	-	5,378,818		325,575	5,704,442	(28,224)	
North Providence	11,034,448	-	1,140,776	9,619,286		243,155	11,003,217	(31,231)	
North Smithfield	4,493,856	-	-	4,398,531		98,289	4,496,820	2,964	
Pawtucket	18,772,406	3,087	1,808,532	16,495,506		513,563	18,820,688	48,282	
Portsmouth	2,549,083	-	-	2,414,242		139,256	2,553,498	4,416	
Providence	80,267,055	37,273,505	7,107,546	34,131,596		1,528,268	80,040,915	(226,140)	
Richmond	1,480,661	-	-	1,448,455		32,604	1,481,059	398	
Scituate	2,110,934	-	-	1,977,127		137,687	2,114,814	3,881	
Smithfield	8,632,660	1,217,452	-	7,098,694		375,697	8,691,842	59,182	
South Kingstown	4,375,906	186,342	-	3,930,455		262,439	4,379,236	3,331	
Tiverton	1,895,925	-	-	1,748,175		150,750	1,898,925	3,000	
Warren	2,164,873	-	-	2,090,911		78,191	2,169,101	4,228	
Warwick	27,603,470	1,691,043	-	25,246,254		925,461	27,862,758	259,288	
Westerly	6,358,803	151,026	-	5,765,523		71,408	5,987,957	(370,846)	
West Greenwich	1,393,393	-	-	1,331,725		210,823	1,542,548	149,155	
West Warwick	7,043,212	-	1,157,378	5,673,744		453,238	7,284,360	241,148	
Woonsocket	10,833,442	347,251	902,090	9,324,776		235,701	10,809,818	(23,624)	
SRL ¹	1,123,123	-	-	-		1,145,585	1,145,585	22,462	
ILG ²	71,172	-	-	-		79,671	79,671	8,499	
LCA ³	2,118,554	-	-	-		2,232,819	2,232,819	114,265	
Fire Districts	421,271	-	-	421,271		-	421,271	-	
Total	\$337,892,039	\$49,201,412	\$12,384,458	\$234,712,307	\$28,000,000	\$14,088,248	\$338,386,425	\$494,379	

Specific distribution amounts by municipalities to be determined August 2024

¹SRL: Statewide Reference Library Resources Grant

²ILG: Grant-in-Aid to Institutional Libraries

³LCA: Library Construction Aid

⁴The Budget includes \$28.0 million in aid under the program in FY2025; however, this figure will ultimately be revised. According to the Division of Municipal Finance, the data from municipalities necessary to determine final aid amounts per town is not due until August 15, 2024. The \$28 million is reflected in the total of the FY2024 Enacted column, however allocations by municipalities are not, based on the above implementation schedule.

⁵Change from enacted total does not reflect the tangible property aid.

FY2025 - Indirect Municipal Aid to Cities and Towns

Municipality	FY2024 Enacted	Public Service Corp. Tax	Hotel Tax	Meals and Beverage Tax	Airport Impact Fees ¹	FY2025 HFC	Change from
							FY2024 Enacted
Barrington	\$396,153	\$227,971	\$4,500	\$196,716	-	429,187	\$33,034
Bristol	1,018,978	295,616	94,763	708,768	-	1,099,147	80,169
Burrillville	477,122	214,519	268	279,205	-	493,992	16,870
Central Falls	446,567	294,118	681	231,710	-	526,509	79,942
Charlestown	414,521	106,186	97,383	232,535	-	436,104	21,583
Coventry	1,170,861	468,983	112,829	635,731	-	1,217,542	46,681
Cranston	3,736,525	1,095,441	50,811	2,858,284	-	4,004,537	268,012
Cumberland	1,141,007	479,585	991	738,734	-	1,219,310	78,303
East Greenwich	1,107,631	185,149	3,708	1,038,215	-	1,227,072	119,442
East Providence	2,076,477	625,173	85,814	1,476,242	-	2,187,229	110,752
Exeter	238,233	90,891	526	166,658	-	258,075	19,842
Foster	87,208	59,706	1,878	27,422	-	89,006	1,798
Glocester	238,663	132,626	4,091	116,465	-	253,182	14,519
Hopkinton	174,281	111,474	2,594	72,639	-	186,707	12,425
Jamestown	225,397	73,304	72,657	116,686	-	262,647	37,250
Johnston	1,368,689	391,636	15,355	1,067,769	-	1,474,761	106,072
Lincoln	1,448,469	297,074	183,788	1,018,912	25,000	1,524,773	76,304
Little Compton	151,848	47,712	41,952	66,458	-	156,122	4,273
Middletown	2,820,590	225,081	1,464,844	1,116,332	33,437	2,839,694	19,104
Narragansett	1,511,442	195,606	406,907	975,364	-	1,577,877	66,435
Newport	7,372,696	335,601	3,730,479	3,486,105	-	7,552,185	179,488
New Shoreham	1,450,918	13,346	843,700	581,605	44,623	1,483,274	32,356
North Kingstown	1,406,322	367,064	145,104	907,093	56,255	1,475,516	69,194
North Providence	999,581	449,752	4,467	651,644	-	1,105,863	106,282
North Smithfield	600,960	166,157	5,211	470,699	-	642,068	41,108
Pawtucket	2,336,739	996,651	116,163	1,390,903	-	2,503,717	166,978
Portsmouth	642,461	235,936	36,141	429,978	-	702,055	59,594
Providence	12,336,322	2,502,389	2,339,397	8,025,026	-	12,866,812	530,490
Richmond	319,667	106,875	42,472	213,156	-	362,503	42,836
Scituate	235,019	138,140	10,438	100,400	-	248,978	13,959
Smithfield	1,663,951	289,652	226,186	1,219,553	25,000	1,760,390	96,439
South Kingstown	1,922,717	418,487	321,941	1,304,226	-	2,044,654	121,937
Tiverton	619,259	215,857	20,748	445,525	-	682,130	62,870
Warren	590,942	147,987	2,937	512,182	-	663,106	72,164
Warwick	7,257,915	1,095,600	1,383,733	4,172,815	768,857	7,421,006	163,091
Westerly	2,875,978	309,492	1,251,709	1,347,496	55,492	2,964,189	88,212
West Greenwich	415,629	86,147	149,428	180,580	-	416,154	525
West Warwick	1,094,181	408,508	165,041	586,885	-	1,160,433	66,252
Woonsocket	1,381,245	570,477	73,706	835,765	-	1,479,947	98,702
Total	\$65,773,166	\$14,471,968	\$13,515,343	\$40,002,480	\$1,008,664	\$68,998,454	\$3,225,288

¹*FY2025 Airport Impact Aid is based on Calendar Year 2024 landing data that is made available in March 2025.

Final FY2025 distribution amounts will be made based upon data anticipated to be received in Q3/4 of FY2025.

FY2024 - Direct Municipal Aid to Cities and Towns

Municipality	FY2024 Enacted	Distressed			Library Grant- in-Aid FY2024	HFC	Change from FY2024 Enacted
		Payment in Lieu of Taxes	Communities Relief Fund	Motor Vehicle Excise Tax ³			
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	4,417,874	-
Burrillville	5,361,277	59,483		5,053,933	224,266	5,337,682	-
Central Falls	2,350,082		263,947	2,077,974	36,917	2,378,839	-
Charlestown	1,085,273			1,020,877	64,266	1,085,143	-
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	-
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	-
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	-
New Shoreham	260,580			163,298	108,269	271,567	-
North Kingstown	5,725,344	50		5,378,818	353,799	5,732,666	-
North Providence	10,935,636		1,168,448	9,619,286	246,714	11,034,448	-
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	18,772,407	-
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	-
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	-
South Kingstown	4,409,542	187,050		3,930,455	258,400	4,375,906	-
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	-
Westerly	6,374,157	152,031		5,765,523	441,250	6,358,803	-
West Greenwich	1,388,010			1,331,725	61,668	1,393,393	-
West Warwick	6,940,792		1,167,490	5,673,744	201,979	7,043,212	-
Woonsocket	10,868,198	351,755	916,041	9,324,776	240,870	10,833,442	-
SRL ¹	1,101,101	-	-	-	1,123,123	1,123,123	22,022
ILG ²	1,922,282	-	-	-	71,172	71,172	(1,851,110)
MVET Adjustment ⁴	421,271	-	-	-	-	-	(421,271)
Fire Districts	635,357	-	-	421,271	-	421,271	(214,086)
Total	\$304,623,653	\$49,201,412	\$12,384,458	\$234,712,307	\$11,475,314	\$307,773,490	\$3,149,837

¹ SRL: Statewide Reference Library Resources Grant² ILG: Grant-in-Aid to Institutional Libraries. Includes \$1.9 million in Library Construction Aid
Total Library Construction Aid FY2024 is \$1.9 million³ Combines MVET Phase-Out Reimbursement and Original Base Reimbursement⁴ 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	FY2024 Enacted	Public Service Corp. Tax	Hotel Tax	Meals and Beverage Tax	Airport Impact Fees¹	FY2025 HFC	Change to Enacted
Barrington	\$396,153	\$227,971	\$4,400	\$189,537		421,908	\$25,756
Bristol	1,018,978	295,616	93,159	682,903		1,071,678	52,700
Burrillville	477,122	214,519	262	269,016		483,797	6,675
Central Falls	446,567	294,118	666	223,255		518,038	71,471
Charlestown	414,521	106,186	95,318	224,049		425,553	11,032
Coventry	1,170,861	468,983	111,007	612,532		1,192,521	21,660
Cranston	3,736,525	1,095,441	49,951	2,753,980		3,899,372	162,846
Cumberland	1,141,007	479,585	969	711,776		1,192,330	51,323
East Greenwich	1,107,631	185,149	3,629	1,000,329		1,189,107	81,477
East Providence	2,076,477	625,173	84,380	1,422,371		2,131,923	55,447
Exeter	238,233	90,891	515	160,576		251,982	13,748
Foster	87,208	59,706	1,848	26,421		87,975	767
Glocester	238,663	132,626	4,023	112,215		248,863	10,200
Hopkinton	174,281	111,474	2,543	69,988		184,005	9,723
Jamestown	225,397	73,304	71,095	112,427		256,826	31,430
Johnston	1,368,689	391,636	15,104	1,028,804		1,435,544	66,855
Lincoln	1,448,469	297,074	180,842	981,729	25,000	1,484,645	36,176
Little Compton	151,848	47,712	41,110	64,033		152,855	1,006
Middletown	2,820,590	225,081	1,440,689	1,075,594	35,601	2,776,966	(43,625)
Narragansett	1,511,442	195,606	399,017	939,771		1,534,394	22,952
Newport	7,372,696	335,601	3,668,441	3,358,890		7,362,932	(9,764)
New Shoreham	1,450,918	13,346	828,258	560,381	47,267	1,449,251	(1,667)
North Kingstown	1,406,322	367,064	142,562	873,992	64,642	1,448,260	41,938
North Providence	999,581	449,752	4,367	627,864		1,081,984	82,403
North Smithfield	600,960	166,157	5,125	453,522		624,805	23,845
Pawtucket	2,336,739	996,651	114,259	1,340,146		2,451,056	114,317
Portsmouth	642,461	235,936	35,422	414,287		685,645	43,183
Providence	12,336,322	2,502,389	2,300,665	7,732,176		12,535,231	198,908
Richmond	319,667	106,875	41,642	205,377		353,894	34,227
Scituate	235,019	138,140	10,268	96,736		245,143	10,124
Smithfield	1,663,951	289,652	222,550	1,175,049	25,000	1,712,250	48,299
South Kingstown	1,922,717	418,487	316,370	1,256,632		1,991,490	68,773
Tiverton	619,259	215,857	20,345	429,267		665,469	46,210
Warren	590,942	147,987	2,872	493,492		644,351	53,408
Warwick	7,257,915	1,095,600	1,361,152	4,020,540	742,618	7,219,911	(38,004)
Westerly	2,875,978	309,492	1,230,893	1,298,323	59,974	2,898,682	22,704
West Greenwich	415,629	86,147	147,029	173,990		407,166	(8,463)
West Warwick	1,094,181	408,508	162,382	565,468		1,136,357	42,177
Woonsocket	1,381,245	570,477	72,503	805,266		1,448,245	67,000
Total	\$65,773,166	\$14,471,968	\$13,287,630	\$38,542,704	1,000,100	\$67,302,405	\$1,529,239

¹*FY2024 Airport Impact Aid is based on Calendar Year 2023 landing data that is made available in May 2024.

Education Aid

EDUCATION AID

The Budget includes an additional \$33.8 million to support the March 2024 enrollment update, the full core amount provided under current law, an increase in the EL weight from 15.0 percent to 20.0 percent, and a personnel correction in Davies. In addition, Article 8 moves the English learner categorical funding into the funding formula distribution (and describes it as multi-lingual learner, MLL) and repeals the limits that were placed on the use of the categorical funds and the requirement for the Department of Elementary and Secondary Education to collect performance reports from districts.

Education Aid Funding Formula: In FY2025, the core amount is \$12,617 and enrollment used to calculate education aid is the March 2024 census. Article 8 moves the English learner categorical aid program into the funding formula distribution and uses a multilingual learner weight 20.0 percent, instead of the 15.0 percent used in the categorial. In moving the program, the article eliminates restrictions that the funds be used only to provide new services to EL students and managed in accordance with requirements enumerated by the Commissioner. The article also repeals the requirement that the Department collect performance reports and approve the use of funds prior to expenditure to ensure the funded activities align to innovative and expansive activities. The article continues to limit the funding to the lowest three proficiency categories as dictated by the WIDA multilingual learner assessment tool.

All of the changes to the formula calculation bring the total funding formula aid, to \$1,264.4 million

Categorical Programs: When the education funding formula was passed in 2010, five categorical funds were identified that would not be distributed according to the formula, but pursuant to other methodologies intended to address the priorities and funding needs of the districts. These categories include Transportation, High-Cost Special Education, Career & Technical Education, Early Childhood, and the Regionalization Bonus. Article 11 of the FY2017 Budget as Enacted added two new aid categories: English Learners and the Density Fund. Article 8 of the FY2024 Budget as Enacted eliminated the Density Aid category. 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.

- **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 fully funds this category at \$11.2 million in FY2025, an increase of \$596,096 over the FY2024 Budget as Enacted.

- Early Childhood Education (1.0 FTE position):** 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. Provisory language in article 1 of the budget requires the Department to prioritize funding to four-years olds whose family income is at or below 185.0 percent of federal poverty guidelines and who reside in communities with higher concentrations of low-per forming schools. The Budget funds this category at \$30.0 million in FY2025, an increase of \$7.2 million in general revenue over the FY2024 Budget as Enacted. Of the total increase, \$6.9 million is to fund 35 new classrooms, for a total of 2,997 seats, \$120,332 for 1.0 new FTE position for the Pre-K program expansion.

Article 10 of the FY2023 Budget as Enacted required the Department of Education (RIDE), the Department of Human Services, and the Children’s Cabinet to develop the [Rhode Island Pre-K expansion plan](#) to expand the Pre-K program to 5,000 seats over five years beginning in FY2024, including children ages three and four.

District	FY2024 Pre-K Enrollment		
	Total Seats	Low-income Seats	Percentage Low-Income
Bristol-Warren	56	28	50.0%
Central Falls	144	134	93.1%
Coventry	76	38	50.0%
Cranston	216	108	50.0%
East Providence	214	107	50.0%
Johnston	36	18	50.0%
Lincoln	18	9	50.0%
Middletown	36	18	50.0%
Newport	36	26	72.2%
North Kingstown	18	9	50.0%
North Providence	36	18	50.0%
Pawtucket	202	144	71.3%
Providence	710	610	85.9%
South Kingstown	18	17	94.4%
Warwick	144	72	50.0%
West Warwick	72	19	26.4%
Westerly	36	18	50.0%
Woonsocket	296	228	77.0%
Total	2,364	1,621	68.6%

- 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 \$69,076 for FY2025). The FY2024 Budget as Enacted lowered this threshold from five times. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget funds this category at \$15.0 million in FY2025, consistent with the FY2024 Budget as Enacted and \$7.0 million less the \$22.0 million in eligible reimbursements.
- Central Falls Stabilization:** The Budget funds this category at \$11.1 million in FY2025. Central Falls schools are currently 100.0 percent state funded, with the State providing both the local and state contributions calculated through the formula, as well as the local share that would be supported outside of the core amount. Generally, the costs outside the foundation aid formula, such as transportation, facility maintenance and retiree health benefits, are paid by the district. This program was created due to concerns regarding the city's capacity to meet the local share of education costs. Previously the statute required Central Falls to pay its share of the local contribution prior to receiving stabilization funds. However, the 2012 General Assembly amended the statute to provide for an annual review of the respective shares and to allow stabilization funds to be provided without the district having to pay the entire local share as determined from the education funding formula.

Although Central Falls has been working with the Department to reduce expenditures over the last several years, the district has not been able to reduce costs enough to keep pace with the phase in of the funding formula. Also, charter school tuitions have been increasing resulting in a corresponding increase in district expenses. Consequently, the stabilization fund has been used to replace aid lost through the implementation of the funding formula and local payments to public schools of choice. To date, Central Falls has been unable or unwilling to absorb any educational costs.

- **Career and Technical Schools:** This fund contributes toward the initial investment needed to transform existing programs or create new programs and the costs associate with facilities, equipment maintenance and repair, and supplies associated with higher-cost programs at career and technical schools. The Budget funds this category at \$6.5 million in FY2025, an increase of \$2.0 million.
- **Davies Stabilization Fund:** Article 11 of the FY2017 Budget as Enacted established a stabilization fund to provide additional support to Davies for costs associated with a stand-alone high school offering both academic and career and technical coursework. The FY2025 Budget provides \$8.0 million.
- **English Learners:** Article 8 shifts this funding into the funding formula distribution, increases the weight from 15.0 percent to 20.0 percent, and changes the description of the weight from English learner to multilingual learner.
- **Met School Stabilization Fund:** Article 11 of the FY2017 Budget as Enacted established a stabilization fund to provide additional support to the Met School for costs associated with a stand-alone high school offering both academic and career and technical coursework. The FY2025 Budget provides \$2.1 million.
- **Regionalization Bonus:** This fund provides a bonus to regionalized districts and those that regionalize in the future. In the first year, the bonus is 2.0 percent of the State’s share of the total foundation aid. In the second year, the bonus is 1.0 percent of the State’s share and in the third year the bonus phases out. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. This category has not been funded since FY2014, as no new regional districts have been formed.
- **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 FY2025 Budget includes \$1.7 million to fund group home beds. This is \$123,989 less than the FY2024 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 FY2024 Revised Budget increases by 9 beds and \$153,000.

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

FY2025 Education Aid - HFC ¹

District	FY2024 Enacted (excludes group home and categoricals)	FY2025 Formula Change	Multilingual Learners	Enrollment Transition Fund	Poverty Loss Stabilization Fund	Transportation	High-cost Special Education (>\$70,655)	Group Home Aid ²	Stabilization Funding	FY2025 Aid
Barrington	\$10,346,999	\$1,043,183	\$28,396	\$149,032	\$0	\$211,913	\$333,033	\$0	\$0	\$12,112,556
Burrillville	12,904,573	349,276	13,106	320,071	-	30,041	337,996	-	-	13,955,064
Charlestown	1,347,679	167,030	-	33,365	-	-	-	-	-	1,548,074
Coventry	25,200,762	1,352,877	16,296	593,384	-	51,892	596,694	70,815	-	27,882,720
Cranston	71,840,320	4,150,434	1,111,439	808,944	-	788,882	845,525	-	-	79,545,545
Cumberland	24,039,982	2,141,865	159,888	-	-	20,358	175,101	-	-	26,537,195
East Greenwich	5,386,895	844,864	11,596	52,230	-	133,871	643,760	-	-	7,073,215
East Providence	35,844,734	1,358,325	228,194	137,198	-	-	905,937	449,114	-	38,923,501
Foster	1,127,337	48,883	1,959	18,524	22,977	13,442	72,276	-	-	1,305,397
Glocester	2,859,443	43,418	0	52,683	-	29,899	125,921	-	-	3,111,364
Hopkinton	6,263,725	442,607	3,405	77,790	-	-	-	-	-	6,787,526
Jamestown	319,561	(22,031)	102	12,534	16,747	-	382,985	-	-	709,898
Johnston	21,291,119	1,820,257	256,699	82,269	-	217,006	1,083,578	-	-	24,750,928
Lincoln	16,694,774	1,720,733	66,106	-	-	-	224,165	78,157	-	18,783,935
Little Compton	279,472	46,967	-	17,214	-	-	-	-	-	343,653
Middletown	6,842,405	(181,480)	61,190	196,347	295,311	-	183,224	-	-	7,396,997
Narragansett	1,983,316	(226,492)	671	119,404	124,828	-	204,621	-	-	2,206,347
Newport	14,077,237	510,337	384,127	620,064	-	-	61,873	72,064	-	15,725,702
New Shoreham	94,704	(21,504)	1,370	4,540	11,774	-	-	-	-	90,884
North Kingstown	11,142,827	1,931,403	45,951	231,399	-	-	143,213	-	-	13,494,792
North Providence	27,354,244	1,789,129	462,899	30,261	-	139,093	567,609	108,452	-	30,451,686
North Smithfield	7,343,688	501,334	12,599	46,957	-	44,530	85,308	-	-	8,034,415
Pawtucket	101,240,632	3,337,134	2,750,731	2,696,962	-	253,264	1,245,797	38,736	-	111,563,255
Portsmouth	2,597,715	229,456	3,697	92,248	-	-	393,002	272,726	-	3,588,843
Providence	262,261,735	8,160,935	14,329,422	7,513,349	-	600,029	1,341,441	109,622	-	294,316,534
Richmond	5,664,511	557,714	6,525	141,616	-	-	-	-	-	6,370,366
Scituate	3,410,780	(54,089)	1,099	81,607	111,518	37,086	102,303	-	-	3,690,304
Smithfield	8,703,479	1,091,339	17,742	60,335	-	52,818	130,856	69,601	-	10,126,170
South Kingstown	5,063,712	(81,424)	15,274	294,496	-	140,673	575,789	-	-	6,008,520
Tiverton	5,469,710	(113,688)	4,985	177,001	108,928	-	203,845	-	-	5,850,781
Warwick	42,784,774	1,921,073	143,360	936,369	-	40,108	711,914	249,560	-	46,787,158
Westerly	7,847,731	38,077	26,854	407,204	82,745	-	382,697	-	-	8,785,308
West Warwick	37,221,502	2,191,409	182,116	298,198	-	51,359	160,354	-	-	40,104,938
Woonsocket	80,001,773	383,393	1,765,984	2,057,614	-	13,308	860,554	-	-	85,082,626
Bristol-Warren ³	11,040,792	(533,867)	\$31,135	431,035	365,645	2,614,277	787,751	96,083	-	14,832,851
Exeter-West Greenwich ³	4,853,740	533,963	7,447	96,020	76,163	1,636,275	368,566	101,477	-	7,673,651
Chariho	-	-	-	-	-	3,180,528	274,915	-	-	3,455,443
Foster-Glocester ³	5,463,033	125,735	\$1,984	138,861	33,211	852,419	94,872	-	-	6,710,114
Central Falls	37,635,874	2,135,629	\$2,736,897	407,315	-	73,628	249,977	-	11,126,174	54,365,495
District Total	\$925,847,288	\$39,734,206	\$24,891,242	\$19,434,439	\$1,249,847	\$11,226,699	\$14,857,452	\$1,716,408	\$11,126,174	\$1,050,083,754
Charter School Total	153,888,559	22,401,713	\$4,344,373	-	-	-	142,548	-	-	180,777,193
Davies	9,945,832	116,066	55,461	-	-	-	-	8,014,029	-	18,131,389
Met School	8,597,594	337,116	146,188	-	-	-	-	2,050,244	-	11,131,142
Urban Collaborative	1,840,097	200,441	71,076	-	-	-	-	-	-	2,111,614
Youth Build Academy	1,892,543	223,809	21,538	-	-	-	-	-	-	2,137,890
Total	\$1,102,011,913	\$63,013,351	\$29,529,879	\$19,434,439	\$1,249,847	\$11,226,699	\$15,000,000	\$1,716,408	\$21,190,447	\$1,264,372,982

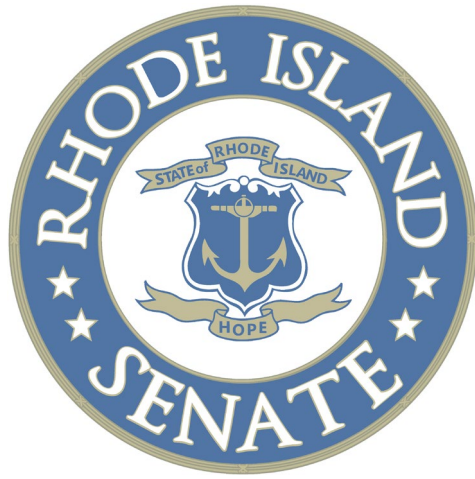
¹ Based on March 2024 enrollment updated for projected charter school growth.

Source: House Finance Committee

The following table shows the HFC change relative to the Governor’s FY2025 education aid recommendation and the FY2024 Budget as Enacted.

**House Finance Committee changes to the Governor's
FY2025 Education Aid and FY2024 Budget as Enacted**

LEA	HFC change to Governor	HFC change to FY2024 Budget as Enacted
Barrington	\$282,128	\$1,011,310
Burrillville	264,782	(169,556)
Charlestown	38,944	175,233
Coventry	663,811	1,506,669
Cranston	1,756,165	5,123,293
Cumberland	660,562	2,178,028
East Greenwich	193,984	988,200
East Providence	345,337	(263,056)
Foster	35,343	83,033
Glocester	103,395	220,859
Hopkinton	126,307	446,569
Jamestown	41,277	(85,020)
Johnston	669,971	2,322,194
Lincoln	223,305	1,062,413
Little Compton	8,854	(18,673)
Middletown	118,471	(500,257)
Narragansett	13,875	(49,788)
Newport	482,616	513,592
New Shoreham	1,458	(61,107)
North Kingstown	180,992	1,573,432
North Providence	467,143	1,405,630
North Smithfield	65,827	427,781
Pawtucket	3,117,276	4,389,117
Portsmouth	91,636	(4,844)
Providence	11,749,122	11,450,202
Richmond	179,218	599,840
Scituate	76,370	(27,293)
Smithfield	264,274	1,199,296
South Kingstown	159,791	85,515
Tiverton	147,535	(1,110,572)
Warwick	407,503	888,688
Westerly	238,122	4,211
West Warwick	844,666	2,121,287
Woonsocket	2,160,073	2,209,876
Bristol-Warren	281,749	213,399
Exeter-West Greenwich	157,246	403,989
Chariho	11,057	270,643
Foster-Glocester	89,168	50,858
Central Falls	2,385,008	2,722,146
Subtotal District Aid	\$29,104,362	\$43,357,138
Charter School Total	4,107,024	24,168,623
Davies	500,759	2,390,980
Met School	211,458	448,174
Urban Collaborative	127,528	246,911
Youth Build Academy	(206,373)	245,347
Total	\$33,844,758	\$70,857,173



ARTICLES

Articles

ARTICLE 1: RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY2025

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

- Sets the airport impact aid formula at \$1.0 million.
- Authorizes 15,772.8 FTE positions reflecting a net increase of 135.9 FTE positions, as compared to the authorized level set in the FY2024 Budget as Enacted, and an increase of 47.0 FTE positions from the level the proposed by the Governor.
- Details Community Service Objective grant funding recipients and amounts.
- Requires that all unexpended or unencumbered balances relating to the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island, be reappropriated to FY2026. In addition, the Office of the Postsecondary Commissioner shall provide \$7.4 million be allocated to the Rhode Island Promise Scholarship program, \$3.4 million to the Rhode Island Hope scholarship program, \$455,000 to support Onward We Learn (formerly 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 be allocated to Best Buddies Rhode Island.
- Requires the Governor's Workforce Board to provide \$600,000 in general revenue for enhance training for direct care and support services to improve resident quality of care at nursing facilities.
- Caps the amount the Judiciary may charge five state agencies (Public Defender's Office, Office of the Attorney General, Department of Corrections, DCYF, and Department of Public Safety) for public courthouse occupancy costs at \$1.4 million. It requires Judiciary to provide \$500,000 to the Rhode Island Coalition Against Domestic Violence for domestic abuse court advocacy and requires \$90,000 be provided to the Rhode Island Legal Services to provide housing and eviction defense to indigent individuals.
- 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 and base 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. Incremental tax revenues generated in these districts related to economic development are to be made available to the City once an agreement is made between City and the State. Additionally, existing base tax revenue (not related to new economic activity) generated in the district may be made available to the City if it is determined necessary by the RI Commerce Corporation based on statutory criteria. This agreement was entered into in December 2020. Since the passage of the legislation, the RI Commerce

Corporation has been certifying these revenues and the Division of Taxation has segregated them into their own account. The language makes the formal appropriation in the Budget to disburse the funds to the City of Pawtucket.

- Requires the Executive Office of Commerce to reserve \$500,000 of its general revenue appropriation for the Wavemaker Fellowship program to support medical doctor, nurse practitioner, and physician assistant healthcare applicants who provide primary care services in Rhode Island.
- Provides \$250,000 in general revenue for the Hospital Care Transition Initiative and \$225,000 to assist nonprofit nursing facilities transition from nursing home beds to assisted living beds.
- Provides \$400,000 in general revenue to support the Family Service of Rhode Island GO Team program and \$11.5 million in general revenue shall be allocated to the statewide body-worn camera program.
- Extends the quarterly reporting period to October 31, 2026, for the Pandemic Recovery Office to identify programs that are at risk of significant under spending or noncompliance with federal or state requirements.
- Allows the Governor to reallocate any State Fiscal Recovery Funds that are at risk of forfeiture from the SFRF program to the Unemployment Insurance Trust Fund. This proposal will be referred to the General Assembly within the first ten days in November, to go into effect 30-days later, unless formally rejected by the House of Representatives and Senate acting concurrently within those 30-days.
- Requires the State Controller to transfer \$100,000 to the Group Home Facility Improvement Fund restricted receipt account by July 15, 2024.
- Requires that any unexpended balances of the Medical Debt Relief program be reappropriated to the following fiscal year.

ARTICLE 2: RELATING TO STATE FUNDS

This article establishes a new Medical Debt Relief Program; exempts three new restricted receipt accounts from imposition of the 10.0 percent indirect cost recovery charge; and, authorizes the State Budget Officer to create restricted receipt sub-accounts in any State agency that receives funding as directed by the Executive Climate Change Coordinating Council. The article:

- Establishes the Medical Debt Relief Program to be administered by the Office of the General Treasurer for the purpose of contracting with a non-profit corporation to purchase, cancel, or otherwise forgive medical debt upon established requirements including that the individual be a citizen of the State and has a federal adjusted gross income is 400.0 percent or less than the federal poverty line, or whose debt is more than 5.0 percent of the individuals adjusted gross income. Article 1 provides \$1.0 million for the program, and language to reappropriate any unused funding.
- Exempts three new restricted receipt accounts 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 accounts: Commodity Supplemental Food Program Claims, the Group Home Facility Improvement Fund, and the Electric Vehicles Charging Stations Operating and Maintenance Account. In addition, the article makes drafting and technical changes to fix errors that do not have overall fiscal impact. Housing production fund
- Establishes a new restricted receipt account, the Group Home Facility Improvement Fund (GHFIF) within the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals, and amends general law to require the proceeds from the sale of State-owned group homes to be deposited into the GHFIF instead of the Information Technology Restricted Receipt account.
- Authorizes the State Budget Officer to create restricted receipt sub-accounts in any State agency that receives funding as directed by the Executive Climate Change Coordinating Council.

- Authorizes the State Budget Officer to create restricted receipt sub-accounts in any State agency that receives funding as directed by the Executive Climate Change Coordinating Council.
- Establishes a new restricted receipt fund administered by the Office of Energy Resources (OER) within the Department of Administration for the purpose of installing, operating, and maintaining electric vehicle charging stations on state properties.

ARTICLE 3: RELATING TO GOVERNMENT REFORM AND REORGANIZATION

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

- **Prisoner Made Goods:** Requires entities placing orders with correctional industries to pay 50.0 percent of the quoted material costs, at the time the order is placed.
- **Department of Corrections:** Authorizes the Department of Corrections to accept orders from any nonprofit organization that is recognized as a 501(c)(3) by the Internal Revenue Service, for articles, services, and materials produced at the Adult Correctional Institutions. Currently the Department can only sell to public and quasi-public agencies.
- **Reporting Requirement:** Amends or repeals numerous reporting requirements within the Department of Health (DOH), Department of Environmental Management (DEM), and The Department of Business Regulation (DBR) that the aforementioned Departments' find obsolete.
- **Office of the State Fire Marshal:** Authorizes the Office of the State Fire Marshal (OSFM) to appoint a deputy state fire marshal in municipalities that experience difficulties in filling the position. This section also provides guidance for municipalities on how to inform the OSFM of the absent position and enables the OSFM to penalize municipalities who fail to alert the Office of the open position.
- **The Rhode Island Healthcare Workforce Data Act:** Authorizes the Department of Health (DOH) to collect data related to licensed healthcare professionals to create and maintain a workforce database. All information will be provided to the Department on a voluntary basis and no information shall be made available to the public.
- **State Purchases:** RIGL 37-2-13.1 (b) prohibits vendors or corporations from bidding on a request for proposal if the entity has had any contractual, financial, business interest with the State; or were consulted or provided technical assistance with the State in the promulgation of the request for proposal.

The article amends general law to add new subsection (f) into the purchasing requirements. The new section exempts the vendor/corporation prohibition stated in subsection (b) in instances where the Division of Purchasing issues a request for information or an emergency procurement. The exemption also includes instances when the Division of Purchases requests feasibility studies and preliminary evaluations. The amendment requires the Division of Purchasing to publicly disclose any prior feasibility studies or evaluation reports completed in a subsequent procurement regarding a project.

- **Bidder Registration Fees:** Section 16 of this article repeals the minimum \$25 annual bidder registration fee that the chief purchasing officer is allowed to charge. This fee has not been charged for the last 20 years. Therefore, there is no fiscal impact to repeal a fee that was not charged.

ARTICLE 4: RELATING TO DEBT MANAGEMENT ACT JOIN RESOLUTIONS

This article amends existing debt authorizations and proposes new authorizations for revenue that do not require voter approval, also known as a Kushner Resolution. Additionally, the article authorizes the issuance of Grant Anticipation Revenue Vehicle (GARVEE) bonds. The authorizations provided include the following:

- **University of Rhode Island – Utility Infrastructure Upgrade Phase III (\$9.2 million revenue bonds):** The article approves financing of up to \$9.2 million for Phase III of the Utility Infrastructure Upgrade Project. The project involves the replacement of components and reconfiguration for each of the systems to ensure necessary steam, water, sanitary, and electrical support for the University’s campuses. Debt service payments would be supported by the University’s unrestricted general revenues.
- **Department of Transportation – New Washington Bridge Project (\$334.6 million GARVEE bonds):** The article authorizes the issuance of GARVEE bonds to assist in funding the demolition and reconstruction of the Washington Bridge. The article authorizes the State to issue \$334.6 million in GARVEE bonds with a total debt service of \$538.6 million. Assuming a standard 5.0 percent coupon rate and the issuance the entire authorized amount, the article indicates a total interest amount of \$204.1 million. The article permits the State to issue a lesser amount, if the State were to receive additional federal funds for the project. The bonds will address the construction, design, maintenance, and completion of the project, as well as its financing, which includes the costs of issuance, credit enhancement, legal counsel, and underwriter fees, amongst other expenditures associated with the Washington Bridge project.

ARTICLE 5: RELATING TO CAPITAL DEVELOPMENT PROGRAM

This article authorizes the issuance of and outlines terms and processes for various general obligation bonds, totaling \$343.5 million, to be placed on the ballot for voter approval in November 2024. The projects are broken down into the following four questions.

Article 5: Relating to Capital Development Program	
Higher Education Facilities	\$160.5
<i>URI Life Sciences Building</i>	87.5
<i>RIC Cybersecurity</i>	73.0
Housing and Community Opportunity	\$120.0
<i>Affordable Housing</i>	90.0
<i>Acquisition and Revitalization</i>	10.0
<i>Homeownership</i>	10.0
<i>Site Acquisition</i>	5.0
<i>Housing Related Infrastructure</i>	4.0
<i>Municipal Planning</i>	1.0
Green Economy Bonds	\$53.0
<i>Port of Davisville Infrastructure at Quonset</i>	15.0
<i>Climate Resiliency and Public Access Projects</i>	2.0
<i>Brownfields Remediation and Economic Development</i>	5.0
<i>Local Recreation Projects</i>	5.0
<i>Municipal Resiliency</i>	10.0
<i>Newport Cliff Walk</i>	3.0
<i>Agriculture Land Preservation Commission</i>	5.0
<i>Open Space Program</i>	3.0
<i>Forests and Habitat Management</i>	5.0
Cultural Economy Initiatives Bond	\$10.0
<i>Tomaquag Museum</i>	2.0
<i>Newport Contemporary Ballet</i>	2.0
<i>Trinity Repertory Company</i>	2.0
<i>Rhode Island State Council on the Arts</i>	4.0
Total	\$343.5
<i>\$ in millions</i>	

- **Question 1: Higher Education Facilities: (\$160.5 million):** Approval of this question would allow the issuance of \$160.5 million in general obligation bonds for capital improvements to higher education facilities, including \$87.5 million for the construction of a biomedical sciences building at the University of Rhode Island and \$73.0 million for renovations and improvements to support the Institute for Cybersecurity and Emerging Technologies at Rhode Island College. Assuming full issuance in bond year 1 and 6.0 percent interest, annual debt service payments are estimated at \$14.0 million. Total debt service over a 20-year term would be \$279.9 million, including \$119.4 million in interest payments.
- **Question 2: Housing and Community Opportunity (\$120.0 million):** Provides funds for various initiatives related to housing production and infrastructure, community revitalization, and homeownership. Assuming full issuance in bond year 1 and 6.0 percent interest, annual debt service payments are estimated at \$10.5 million. Total debt service over a 20-year term would be \$209.2 million, including \$89.2 million in interest payments. The funding is allocated as follows:
 - **Affordable Housing (\$90.0 million):** Provides \$90.0 million, including up to \$10.0 million to support the development of public housing, to increase production of affordable housing units.
 - **Acquisition and Revitalization (\$10.0 million):** Provides \$10.0 million to support property acquisition and redevelopment for community revitalization.
 - **Homeownership (\$10.0 million):** Provides \$10.0 million to increase the production of housing units intended for affordable and middle-income homeownership.
 - **Site Acquisition (\$5.0 million):** Provides \$5.0 million for the acquisition of properties to be redeveloped as affordable and supportive housing units.
 - **Housing Related Infrastructure (\$4.0 million):** Provides \$4.0 million for pre-development and development of physical infrastructure necessary to produce additional affordable housing units.
 - **Municipal Planning (\$1.0 million):** Provides \$1.0 million to assist municipalities with the planning and implementation of changes to enable the development of additional housing units.
- **Question 3: Green Economy Bonds (\$53.0 million):** The Budget includes a \$53.0 million general obligation bond authorization for environmental and recreational purposes. Assuming full issuance in bond year 1 and 6.0 percent interest, annual debt service payments are estimated at \$4.6 million. Total debt service over a 20-year term would be \$92.4 million, including \$39.4 million in interest payments. The bond proceeds would be allocated as follows:
 - **Port of Davisville Infrastructure at Quonset (\$15.0 million):** Provides \$15.0 million for infrastructure projects that will support the continued growth and modernization at the Port of Davisville. According to the Quonset Development Corporation, this investment will continue to finance Port master plan projects, including:
 - Davisville Road East modification and expanded laydown
 - Port Main Gate relocation, Terminal 6 laydown construction, and port security upgrades
 - Frys Cove Road construction

Completion of these access roads to Terminal 5 will provide an oversized freight corridor directly between the new Terminal 5 Pier and 40 acres of existing laydown area that is available at the Port. The roads will allow offshore wind and other large project cargo that is unloaded at the Terminal 5 Pier to be transported to the laydown area without the interference of overhead wires and other obstructions close to the right-of-way. The funding will also be used to complete an additional 33 acres of laydown area at the Port.

- **Climate Resiliency (\$2.0 million):** Provides \$2.0 million for matching grants up to 75.0 percent of project costs to public and non-profit entities for restoring or improving the resiliency of coastal habitats and for restoring river and stream floodplains. In 2018, the voters approved \$5.0 million for climate resilience.
- **Brownfields Remediation (\$5.0 million):** According to the Department, between 10,000 and 12,000 abandoned industrial sites lie idle across the State. The clean-up and re-purposing of these sites will remove hazards, attract jobs, and protect the urban environment. These funds would provide matching grants for up to 80.0 percent of project costs to public, private, and/or nonprofit entities for the cleanup, reinvestment, and re-use of these sites to create and attract jobs, protect the urban environment, remove hazards, and reduce the cost of storm water flooding. The program funds will clean up blighted properties, create jobs, open valuable real estate, and promote public health. This grant program, which helps accelerate redevelopment and supports smart growth, provides critical resources to facilitate the return of these sites to productive use. Grants will provide for both site preparation and redevelopment projects and can be used to fill gaps that exist in supporting data and/or to develop and analyze potential remedial strategies necessary to clean up and develop the site. In November 2014, voters approved \$5.0 million in general obligation bond proceeds for brownfield remediation. Another \$5.0 million was approved by voters in 2016 and an additional \$4.0 million was approved in November 2018 and 2022.
- **Local Recreation Projects: (\$5.0 million):** Provides funding for matching grants of up to 50.0 percent to municipalities to acquire and 80.0 percent of the costs to develop recreation areas. The grants cover the development of sports fields, tennis courts, and playgrounds. The grant applications are evaluated and ranked by the State Recreation Resources Review Committee, which is comprised of state and local government officials and representatives of non-profit agencies. Funds for this program were authorized through general obligation grants including \$5.5 million in 2012, \$4.0 million in 2014, \$5.0 million in 2016 and 2018, \$4.0 million in 2020 and 2022. Since the inception of the program in 1988, DEM has awarded 557 grants totaling \$90.0 million worth of investments in all of Rhode Island's 39 cities and towns.
- **Municipal Resiliency (\$10.0 million):** Provides funding for matching grants for up to 75.0 percent of project costs to municipalities to restore and/or improve the resiliency of infrastructure and vulnerable coastal habitats, and to restore river and stream floodplains. In November 2020 voters approved \$7.0 million and in November 2022 voters approved \$16.0 million in general obligation bond proceeds for resiliency project. Including \$2.0 million in Rhode Island Infrastructure Bank operating funds, \$25.5 million is available for this program.
- **Newport Cliff Walk (\$3.0 million):** Provides \$3.0 million for restoring and improving the resiliency of the Newport Cliff walk. According to the Interim City Manager of Newport, in a letter dated December 19, 2023, the City takes responsibility for the upkeep and maintenance of the walk. The estimated cost of the repairs is \$14.5 million with the project expected to take 13 months to complete. Newport received a \$11.0 million grant from the Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation (PROTECT) program, which requires a \$2.8 million match from Newport. A decision is not expected until April 2024. Newport also received a \$5.0 million appropriation from Congress through the FY2024 Consolidated Appropriations law signed in March. The application for disaster aid through the U.S Department of Transportation was denied.
- **Agriculture Land Preservation Commission (\$5.0 million):** Includes \$2.0 million to protect the State's working farms through the State Farm Access Program and the purchase of Development Rights by the Agricultural Land Preservation Commission. In November 2012 voters approved \$4.5 million, in November 2014 votes approved \$3.0 million, and in November 2018 voters approved \$2.0 million in general obligation bond proceeds for farmland preservation.

- **Open Space Program (\$3.0 million):** Provides \$3.0 million for the State, through the Department of Environmental Management (DEM), to acquire fee simple interest or conservation easements to open space, farmland, watershed, and recreation lands. Since 1985, the State has acquired or protected more than 20,250 acres of open space through the purchase of land, development rights and conservation easements statewide. The State has adopted a goal to protect 3,000 acres annually through the land acquisition program. On average, DEM is able to leverage 75.0 percent of funding from federal and/or local sources. Voters approved \$10.0 million in general obligation bonds for this project in November 2004, \$2.5 million in November 2012, \$4.0 million in November 2016, and \$3.0 million in November 2022 to continue this program. This is an ongoing project. It generally takes five to 10 years to complete a project due to the complex nature of land acquisition. DEM has established criteria for specific property categories, such as contiguous to existing state property and undeveloped; however, the process to procure suitable land cannot be initiated until the property is offered for sale. More than 90.0 percent of the bond proceeds has been expended or obligated toward specific properties.
- **Forest and Habitat Management (\$5.0 million):** Provides resources to support forest and wildlife habitat and infrastructure on state management areas. DEM manages over 60,000 acres of land, 25 state management areas, 400 miles of hiking and biking trails, 200 fishing spots, and over 200 public boat ramps. Proposed enhancements include improving trails and other infrastructure, removing dead trees, and improving habitat benefiting non-game wildlife species. In November 2022, voters approved \$3.0 million in general obligation bond proceeds for forest restoration.
- **Question 4: Cultural Economy Initiatives Bond (\$10.0 million):** Approval of this question would provide \$10.0 million for 1:1 matching grants to continue the Cultural Arts and the Economy Grant Program administered by the Rhode Island State Council on the Arts (RISCA). The grant program begun with a 2014 referenda, and additional funding was approved by voters in March 2021. As of March 13, 2024, all funds from the previous bonds had been awarded. Assuming full issuance in bond year 1 and 6.0 percent interest, annual debt service payments are estimated at \$871,846. Total debt service over a 20-year term would be \$17.4 million, including \$7.4 million in interest payments. The new round of funding would be allocated as follows:
 - **Tomaquag Museum (\$2.0 million):** Provides \$2.0 million for the Tomaquag Museum on the University of Rhode Island campus.
 - **Newport Contemporary Ballet (\$2.0 million):** Provides \$2.0 million to build a Center for Arts, Dance, and Education at the Newport Contemporary Ballet.
 - **Trinity Repertory Company (\$2.0 million):** Provides \$2.0 million for upgrades to the Lederer Theater Center at the Trinity Repertory Company.
 - **Rhode Island State Council on the Arts (\$4.0 million):** Provides \$4.0 million to continue the Cultural Arts and the Economy Grant Program, which provides 1:1 matching grants for capital improvement, preservation and renovation projects for a range of public and nonprofit arts and performance centers throughout the state. These funds are administered by the Rhode Island State Council on the Arts (RISCA).

ARTICLE 6: RELATING TO TAXES AND FEES

This article modifies several state taxes, credits, and repeals or modifies several permits and fees. The net fiscal impact of the initiatives in Article 6 total an estimated \$12.7 million in additional revenue.

Initiative	FY2025	FY2026
	Revenues	Revenues
Pension Modification Increase	(\$2,962,717)	(\$6,029,468)
Net Operating Loss Carryforward*	-	-
Cannabis Tax Changes	(824,642)	(1,707,009)
Pass-Through Entity Tax Credit Changes	8,600,000	17,518,519
Delinquent Taxpayer List Changes	3,425,327	3,526,021
E-Cigarettes Tax	2,200,000	2,667,663
Cigarette Tax Increase	2,264,204	1,776,645
Fee Changes	(44,375)	(290,750)
Total	\$12,657,797	\$17,461,621

* Proposal does not have a fiscal impact until FY2032

Specifically, the article:

Pension Modification Increase

Increases the exemption for retirement income from pensions and annuities of individuals who have reached full social security retirement age from \$20,000 to \$50,000. The General Assembly last changed the exemption in 2022 when it increased it from \$15,000 to \$20,000.

A taxpayer's personal income tax liability in Rhode Island is based on federal Adjusted Gross Income (AGI) and is subject to three taxable income brackets with a top rate of 5.99 percent. Federal AGI includes income from pensions and annuities and these are currently subject to Rhode Island personal income tax, albeit with some offsetting exemptions including for certain types of retirement income. The State provides a \$20,000 exemption for Social Security, pensions, and annuities of individuals who have reached full official Social Security retirement age. The exemption is limited to those with AGI amounts shown in the table. The exemptions are indexed to adjust annually based on changes to the Consumer Price Index for All Urban Consumers (CPI-U).

Filing Status	Retirement Income Thresholds	
	TY 2022	TY2023
Single	\$95,800	\$101,000
Married Filing Jointly	119,750	126,250
Head of Household	95,800	101,000
Married Filing Separately	95,800	101,025

According to ORA the average resident taxpayer (as of TY2021) who would benefit from this proposal has an average AGI of \$74,000, including an average taxable pension income of \$44,000 and average Social Security income of \$19,000. The average filer would see an average tax savings of \$500.

This change is anticipated to reduce FY2025 revenue by \$2.9 million based on a January 1, 2025, start date and \$6.0 million in FY2026.

Net Operating Loss Carryforward

Extends Rhode Island's current five-year net operating loss carryforward period to twenty years, beginning tax year starting January 1, 2025. This change does not have near term fiscal impact (First revenue loss, \$2.2 million, occurs in TY2031. Losses grow to \$18.2 million to \$32.7 million, depending upon assumptions)

Businesses are taxed on their profit income by the federal government and most states. When determining its federal taxable income, a business deducts its ordinary business expenses (like supplies, wages, and rent), asset depreciation, and other costs from its gross revenue. If the difference is positive, the firm earned a profit, and that corporate income is subject to tax. If the company has more deductions than revenue, the business operated at a loss and has no income to tax. This is known as a net operating loss (NOL) and it generally can be used to offset a business' tax payments in other tax periods. Under federal law, businesses may reduce future tax liability by the amount of current or past losses. This is known as a "net operating loss carryforward". States vary in how NOLs are treated – Rhode Island, along with a dozen other states, restrict carryforwards to less than 20 years.

Cannabis Tax Changes

Allows state-licensed cannabis businesses to make ordinary business deductions from their federal income for purposes of determining state tax liability. This change is anticipated to reduce revenue by \$824,642 in FY2025 based on a January 1, 2025, start date and \$1.7 million in FY2026.

In March 2022, Rhode Island legalized the recreational use of cannabis by adults, after many years of having a medical marijuana system. There are currently 67 licensed businesses operating in Rhode Island under the program, with another 24 retail licenses coming available in FY2025.

At the federal level, however, cannabis remains illegal. Under the U.S. Internal Revenue Code Section 280E, tax deductions and credits are not allowed for “trafficking in controlled substances which is prohibited by Federal law or the law of any State in which such trade or business is conducted.”

Typically, businesses are allowed to deduct all “ordinary and necessary” expenses that are required to operate from their federal taxable income. Rhode Island uses a business’ federal adjusted gross income (AGI) as the basis for determining its state taxable income. Cannabis-related Rhode Island businesses’ AGI includes the value of ordinary businesses expenses that other businesses do not.

Pass-Through Entity Tax Credit

Reduces the State’s pass-through entity tax credit from 100.0 percent to 90.0 percent. The State currently provides a personal income tax credit to members of pass-through entities who elect to pay the State’s pass-through entity tax. The credit is 100.0 percent of the prorated share of the tax paid by the pass-through entity. This change is estimated to increase revenue by \$8.1 million based on a January 1, 2025, start date.

Many businesses in the United States are not subject to the corporate income tax at the state or federal level. The business’ profits flow through to owners (or members) and are taxed as part of their personal income. Examples of these “pass-through entities” include limited liability companies, S-Corporations, partnerships, and sole proprietorships. Rhode Island permits partners of pass-through entities to file returns at the entity level at the highest personal income tax rate (5.99 percent) and originally authorized a tax credit worth 100.0 percent of their pro rata share of the entity tax which partners could then claim on their individual returns.

Delinquent Taxpayer List

Expands the criteria used by the Division of Taxation when identifying which delinquent taxpayers it will include on publicly posted lists. Currently Taxation lists the top 100 delinquent taxpayers with the highest outstanding liability. Article 6 of the Budget expands the list to include all taxpayers with a delinquent tax liability of \$50,000 or more. The proposal is estimated to generate \$3.4 million in additional revenue.

Tangible Tax State Aid

Modifies the methodology of calculating the amount of revenue municipalities lose due to the statewide tangible tax exemption. The calculation determines the amount to be reimbursed to cities and towns through state aid. Originally, foregone revenue was equal difference between a municipality’s tangible property tax levy as of the assessment date December 31, 2022, and levy as of December 31, 2023 (the latter period would be the first reflecting the impact of the exemption). According to the Department of Revenue, some municipalities considered this methodology to be unworkable. Article 6 substitutes a new calculation that divides the tangible property assessment for the assessment date of December 31, 2023, lost due to the exemption by 1000 multiplied by the tangible property tax rate for the assessment date of December 31, 2023. The Article also allows municipalities for which the lost assessment is unknown to use internal policies and procedures in place as of December 31, 2022, to estimate the loss. Lastly, the Division of Municipal Finance retains the discretion to audit municipalities and the methodology chosen.

Cigarette, ENDS, and Other Tobacco Products

- **Cigarette Tax Increase:** Increases the excise tax on cigarettes by \$0.25 per pack, which raises the tax from \$4.25 to \$4.50 per pack of twenty. Floor stock tax is assessed at the same rate per pack of cigarettes. The additional excise, floor, and associated sales taxes from this change is estimated to generate an additional \$2.4 million in revenue based on a September 1, 2024, start date.

	Rhode Island		Massachusetts		Connecticut		
	Previous	Proposed					
Base Price per Pack in \$	\$6.05	\$6.05	\$4.82		\$5.22		
Excise Tax in \$	3.75	4.50	3.51		4.35		
<i>Subtotal base price + Excise</i>	10.30	10.55	8.33		9.57		
Wholesale Markup	2.0%	0.21	0.21	2.0%	0.17	6.5%	0.62
Wholesale Cartage	0.75%	0.08	0.08	0.75%	0.06	0.0%	0.00
Retail Markup	6.0%	0.64	0.65	25.0%	2.14	8.0%	0.82
<i>Total Base Cost</i>	11.22	11.49	10.70		11.01		
Sales Tax	7.0%	0.79	0.80	6.25%	0.67	6.4%	0.70
Total Price per Pack	\$12.01	\$12.30	\$11.37		\$11.71		

Note: The Office of Revenue Analysis used data from the Campaign for Tobacco-Free Kids to estimate a status quo average final retail price for cigarettes in each state.

- **E-Cigarette Excise Tax:** Imposes a tax on electronic nicotine delivery system (ENDS) products, also known as e-cigarettes, and establishes a licensing, enforcement, and collection regime within the Division of Taxation. As written in Article 6, the tax is levied as a combination of 10.0 percent of the wholesale price, and \$0.50 per milliliter of ENDS liquid. The new tax is estimated to generate \$2.2 million in revenue based on a January 1, 2025, start date.
- **Cigarettes, ENDS, and Other Tobacco Product Regulation:** Makes several changes to how various tobacco and nicotine products are regulated, including:
 - Moves the regulation of ENDS products from the Department of Health to the Department of Revenue.
 - Clarifies that “heat-not-burn” tobacco products are considered cigarettes (and not ENDS products) for tax and regulatory purposes
 - Adds ENDS products manufacturers, distributors, and importers to the same licensing requirements as those engaged with cigarettes and other tobacco products, while also exempting cigar manufacturers who sell cigars into the state at wholesale from obtaining a Rhode Island license.
 - Consolidates the distinct licenses for cigarettes, other tobacco products, and ENDS products so that a person does not have to get a separate license for each.
 - Codifies the prohibition on the sale of flavored ENDS products, with an exception for menthol, its related definitions, penalties, an enforcement authority. The exemption for Compassion Centers and licensed cultivators is retained.
 - Amends the Department of Behavioral Health, Developmental Disabilities, and Hospitals’ (BHDDH) regulatory and enforcement responsibilities related to tobacco use including conforming marketing and underage warning signage rules with the requirements of the national Tobacco

Master Settlement Agreement and the federal Substance Abuse and Mental Health Services Administration.

Fee Changes

Eliminates or amends various fees impacting individuals and business.

- **Repeal of Fees:** The Article eliminates the following fees:
 - Real Estate Duplicate License Fee
 - Tent Inspection Fee
 - Sales Tax Exemption Fee
 - Liquor Manufacturers Duplicate License Fee
 - Vessel Discharge Decal Elimination
 - Estate Tax Filing Fee

Collection Improvements: The article removes statutory language related to several fees that were directed to the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals. It also changes the distribution of fee revenue collected by the Department of Health for vital record requests; these fees are currently deposited into the IT fund and would instead be deposited as general revenues.

ARTICLE 7: RELATING TO ECONOMIC DEVELOPMENT AND HOUSING

This Article expands or adjusts various economic development incentives managed by the Executive Office of Commerce (EOC) and the RI Commerce Corporation. It also makes administrative and program changes related to the Department of Housing and Department of Labor and Training. Most of the initiatives do not have a direct fiscal impact. The Budget includes \$500,000 to fund an expansion of the Wavemaker Fellowship program. It also transfers \$10.0 million in FY2024 general revenue a new Housing Resources and Homelessness Fund and authorizes \$5.0 million in spending from it in FY2025. The article is effective upon passage.

Incentive Sunsets

The Article reauthorizes the following EOC's incentive programs by extending the statutory sunset provisions placed on them. The time periods of the program extensions are indicated in the following table. The RI Small Business Development Fund originally did not have a sunset provision; however, Article 7 terminates the program on June 30, 2024.

Incentive	Original Sunset	Article 7 Sunset
	Date	Date
RI Small Business Development Fund	N/A	6/30/2024
Rebuild RI	12/31/2024	12/31/2025
Tax Increment Financing	12/31/2024	12/31/2025
Tax Stabilization Incentive	12/31/2024	12/31/2025
First Wave Closing Fund	12/31/2024	12/31/2025
I-195 Redevelopment Project Fund	12/31/2024	12/31/2025
Small Business Assistance Fund	12/31/2024	12/31/2025
Stay Invested in RI Wavemaker Fellowship	12/31/2024	12/31/2025
Main Street RI Streetscape Improvement Fund	12/31/2024	12/31/2025
Innovation Initiative	12/31/2024	12/31/2025
High School, College, and Employer Partnerships	12/31/2024	12/31/2025
Air Service Development Fund	12/31/2024	12/31/2025
RI New Qualified Jobs Incentive Act	12/31/2024	12/31/2025
Historic Preservation Tax Credit	6/30/2024	6/30/2026
Motion Picture Production Tax Credit	7/1/2027	7/1/2029
Musical and Theatrical Production Tax Credit	7/1/2027	7/1/2029

Wavemaker Fellowship

The Budget expands the eligibility for the Stay Invested in RI Wavemaker Fellowship program to include primary care healthcare practitioners, including medical doctors, nurse practitioners, and physician assistants. The program is a competitive student loan reimbursement program for college and university graduates who take employment in certain high-demand professions in Rhode Island including science, technology, engineering, and mathematics (STEM) fields; healthcare and mental health professionals; and teachers. 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. The Budget includes \$500,000 in FY2025 for the new eligible classifications.

Innovate RI Small Business Program

The Article amends the Innovate Rhode Island Small Business Program by increasing the matching grants for federal research/technology transfer awards from \$150,000 to \$300,000. The Article also establishes a new matching grant of up to \$500,000 to leverage federal commercialization awards. Lastly, the Article increases the State's Science and Technology Advisory Council (STAC) internship grant from \$3,000 to \$6,500 per intern and permits reimbursement rates based on the new minimum wage levels.

Innovation Initiative

The Article expands the Innovation Initiative incentive program by:

- Extending eligibility for matching grants to employee-owned (or transitioning to employee-owned) businesses. This allows the businesses to receive technical assistance, operating space on flexible terms, and access to capital, that previously has been available only to firms in advanced or targeted industries.
- Establishing a new invention incentive program that provides grants up to \$5,000 to small businesses and individuals to reduce barriers to filing a patent application. Grant funds under the program will be

disbursed as reimbursements for allowable expenses incurred and related to a submission of an application to the US Patent and Trademark Office.

Rebuild RI

The legislation requires earnings derived from the investment of unallocated funds in the Rebuild RI Fund to be deposited back into the fund to be used to finance future credit redemptions. Previously, the program's authorizing statute had been silent on the use of this type of money. In 2023, the investment earnings amounted to approximately \$2.0 million. The RI Commerce Corporation has used these funds to support operations. The program 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.

RI Small Business Development Fund Program

The Budget places several new limitations on the RI Commerce Corporation's RI Small Business Development Fund Program (SBDF), including reducing the program's total cap from \$65.0 million to \$40.0 million in capital investments and establishing a sunset date of June 30, 2024. The SBDF program is an economic development tool that involves the creation of multiple private capital funds designed to invest in small, Rhode Island-based businesses. Investors are incentivized to participate through State-issued tax credits. Credits cannot be redeemed for three years and are capped at \$65.0 million, with no one fund receiving more than \$20.0 million. Funding is targeted at the gap in financing that exists for many small businesses and start-ups.

Quarterly Incentive Report

The Article changes the due date for the Rhode Island Commerce Corporation's quarterly economic development incentives report from 30 days after the close of each quarter to 45.

According to the Executive Office of Commerce, extending the due date of the report allows for better alignment with the community lenders data collection, which in turn improves quality of the incentives report. Corporation partners with private lending institutions to administer the applications and program.

Unemployment Insurance Tax

The Budget authorizes the Director of the Department of Labor and Training to select the computation date of the unemployment insurance rate schedule in CY2024. Currently, the computation date is fixed to the 30th day of September. Section 1 of the article grants the Department's Director the ability to use discretion in selecting the computation date for tax year 2025 and authorizes a computation date between September 30 to December 31, 2024.

Department of Housing Organization & Planning Changes

The Article moves the qualifications and duties of the Secretary of Housing position from within the Executive Office of Commerce statutes, into the Department of Housing statutes. The relocated language updates the due date and requirements for the integrated housing report. In addition to the integrated housing report, the new language adds a deadline of December 31, 2024, for the development of a housing organizational plan, last required in November 2022.

Housing Resources and Homelessness Fund

The Budget creates a new Housing and Homelessness restricted receipt account, to be administered by the Department of Housing through the Housing Resources Commission. The language stipulates that this shift in administration will occur on December 31, 2024, or after the fulfillment of the housing organizational plan, whichever is later. It also updates language related to the Real Estate Conveyance Tax to shift the contributions from the previously specified Housing Resources Commission restricted receipt account to the newly created Housing Resources and Homelessness restricted receipt account. The Budget includes an

additional \$5.0 million in restricted receipt expenditures in FY2025 for this fund. The Budget also transfers \$10.0 million from the FY2024 general revenue surplus to this account.

ARTICLE 8: RELATING TO EDUCATION

Article 8 changes the education funding formula and the schedule for education aid payments to East Providence. In addition, the article provides free lunch to all students in public schools eligible for reduced-price meals. No change is made to the calculation for the core funding amount. The Article also amends reporting requirements for the Rhode Island College Hope Scholarship, amends the name of the College Crusade to Onward We Learn (OWL), and amends eligibility for the Higher Education Incentive Grant.

Education Aid:

The article modifies the education aid funding formula by moving the English Learners (EL) categorical aid into the funding formula, changing the name to multilingual learners (MLL), and increasing the weight from 15.0 percent to 20.0 percent. The article repeals the limits that were placed on the EL categorical funds and the requirement for the Department of Elementary and Secondary Education to collect performance reports from districts. The Budget includes an additional \$33.8 million, including a personnel correction at Davies.

East Providence:

The payment of education aid to East Providence is changed from a biannual basis to the monthly payment schedule used for other school districts.

School Meals:

The article also amends the mandatory school lunch and breakfast programs to require districts to provide free school meals to all students in public schools eligible for reduced-price meals and the State to reimburse districts for the difference between the federal reimbursement rate for a free lunch or breakfast versus a reduced-price meal. The Budget includes \$812,952 for this purpose.

Onward We Learn:

This article amends the College Crusade Scholarship programs, changing the name to the Onward We Learn (OWL) Scholarship Act and enables OWL to manage scholarship resources and funding associated with the federal GEAR UP program under the Office of the Postsecondary Commissioner's discretion.

Hope Scholarship:

The article amends reporting requirements for the Hope Scholarship, extending the reporting requirement to 2030 and sets guidelines related to information within the report. These requirements match those for the RI Promise program. The article specifies that the report must evaluate the following:

- The number of students who started in each cohort
- The number of students in each cohort who have attained a degree in an on-time manner
- The number of students in each cohort who have not attained a degree in an on-time manner and an analysis of why
- The number of students in each cohort who began the program but were unable to complete it and an analysis of why
- Cost of program
- Cost of continuing the program
- Suggestions for ways to increase success of the program
- Recommendations as to modifying, continuing, expanding, curtailing, or discontinuing the program

- Any other information that RIC or OPC find prevalent to the evaluation.

The article also mandates that the report be sent to the Governor, Senate President, and the Speaker of the House.

DCYF Higher Incentive Education Grant:

The Article amends eligibility of youth in the legal custody of the Department of Children, Youth, and Families for the Higher Education Opportunity Incentive Grant program. The program was previously made available only to youth currently in the Department’s legal custody or those who had been in legal custody at the time of their 18th (eighteenth) birthday. This amendment extends eligibility to youth in legal custody beginning at age 14 (fourteen) and extending until the youth exits care. The Article also clarifies funding availability and conditions, additional age and education requirements for eligibility, selection processes, and reporting requirements for the Department related to the program.

ARTICLE 9: RELATING TO MEDICAL ASSISTANCE

This article modifies current laws governing the Hospital Licensing Fee (HLF), reporting for the biannual Caseload Estimating Conference, nursing home payments, Disproportionate Share Hospital (DSH) payments, and the annual Medicaid Resolution.

Hospital Licensing Fee (HLF): The article includes technical amendments to remove outdated language and continue the fee into FY2025.

Caseload Reporting: The article extends the deadline for the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals to submit monthly data to the members of the caseload estimating conference from the 15th (fifteenth) to the 25th (twenty-fifth) of each month.

Nursing Facilities: The article specifies that the methodology for providing annual inflationary increases for certain per-diem components in Medicaid payments includes “other-direct care”.

Disproportionate Share Hospitals (DSH): Disproportionate Share Hospital (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 allows for the deduction of the estimated state-directed payment when calculating uncompensated-care costs. If the payment is not deducted, the DHS payment will be distributed in amounts that exceed the specific uncompensated care limits, recouped as an overpayment pursuant to the annual audit, and redistributed to qualifying hospitals.

Technical amendments are made to identify the DSH aggregate limit for FFY2024 and FFY2025 and require payment on or before June 30, 2024, instead of June 15, to allow for the passage of the budget. In addition, the aggregate payment limit is increased to allow for uncompensated care payments for services provided by Eleanor Slater Hospital. The Budget includes an additional \$7.0 million, including \$3.1 million in general revenue, for this purpose.

Medicaid Resolution: The article establishes the legal authority for the Secretary of the Executive Office of Health and Human Services (EOHHS) to review and coordinate amendments to the Medicaid State plan and category II and III changes in the demonstration “with potential to affect the scope, amount, or duration of publicly-funded health care services, provider payments or reimbursement, or access to or the availability of benefits and services provided by Rhode Island general and public laws”. In FY2025, the article provides the Secretary of EOHHS will seek federal approval for the following changes:

- ***Nursing Facility Payment:*** Clarifies that the “other-direct care” component of the nursing facility per diem may be revised as necessary.
- ***Disproportionate Share Hospitals (DSH) Care Calculation:*** Factors in the State-directed payment to hospitals in the base-year uncompensated care used for the DSH payments.

- **Provider Reimbursement Rates:** Implements the rate increases recommended in the Social and Human Service Programs Review Final Report from the Office of the Health Insurance Commissioner (OHIC), as adjusted by EOHHS. The rates will be effective October 1, 2024. This includes a 30.0 percent increase in rates paid to skilled professional services paid by home care agencies. The Budget includes an additional \$40.3 million in general revenue and \$62.9 million in federal funds to fully implement the rate increase recommended by the Office of the Health Insurance Commissioner.
- **HealthSource RI Automatic Enrollment:** Allows EOHHS and HealthSource RI to automatically enroll qualified individuals who lose Medicaid coverage into Qualified Health Plans.
- **Nursing Facility Payment:** Allows EOHHS to shift nursing facility payments from the Resource Utilization Group (RUG) system to a Patient-Driven Payment Model (PDPM) as required by the Centers for Medicare & Medicaid Services (CMS) and to make technical adjustments to modernize nursing facility payment. The Budget provides \$1.1 million in general revenue (\$2.8 million all funds) for this shift.
- **Office of Rehabilitative Services (ORS) Costs not Otherwise Matchable (CNOM):** Increases the eligibility limit from 300.0 percent of the federal poverty level to 400.0 percent for three Medicaid-funded programs provided through the ORS in the Department of Human Services and allow services currently funded entirely through general revenues to receive a Medicaid match. The Budget includes general revenue savings of \$94,400 and a federal Medicaid reimbursement increase of \$334,400, resulting in a net increase of \$240,000. These funds will support personal care attendants, home modifications, and social services for the blind.
- **Adult Dental Services to Managed Care:** Expands the RIte Smiles managed care program to include adults and additional services, beginning January 1, 2025. Shifting adult dental services into Managed Care is projected to reduce general revenue expenditures by \$11,460 and increase federal fund expenditures by \$1.5 million.
- **Ambulatory Dental Rates:** Sets Medicaid reimbursement rates for dental procedures performed in an ambulatory surgical center at 95.0 percent of the rates listed on the Medicare Part B Hospital Outpatient Prospective Payment System (OPPS) as of January 1, 2024. These rates will be annually updated beginning January 1, 2025. The Budget includes \$352,080 in general revenue and \$447,920 in federal funds for this purpose.
- **Chiropractic Rates:** Pays chiropractic rates through Medicaid. The Budget includes \$177,358 in general revenue and \$380,034 in federal funds, a total of \$557,392 all funds, for this purpose.
- **Hospital Care Transitions Initiative:** Pursues a waiver to leverage Medicaid for the Hospital Care Transitions Initiative (HCTI). The HCTI is a partnership between EOHHS and Rhode Island Parent Information Network (RIPIN) that supports high-risk, elderly, Medicaid patients in being discharged from the hospital to prevent extended stays in skilled nursing facilities. The Budget includes \$250,000 in general revenue (\$500,000 all funds) to continue the operation of the HCTI.
- **PACE Rates:** Seeks an amendment to modify the rate setting methodology for the Program of All Inclusive Care for the Elderly (PACE). Currently, in non-rebasing years the rates are adjusted based on a home health agency market basket. The amendment would incorporate Medicaid program changes, fee schedule changes, and mix changes during non-rebasing years. Rebasing occurs every three years.
- **Consolidated Appropriations Act of 2023, Section 5121 Compliance:** Pursues changes necessary to provide Medicaid services to eligible individuals under age 21 and to individuals under 26, eligible for Medicaid through the former foster care children group, in the 30 days prior to their release from incarceration.

ARTICLE 10: RELATING TO LEASES

This article authorizes a lease agreement for office space used by the Department of Corrections and amends the statutes regarding the powers and duties of the Department of Administration relating to the Statewide Facility Master Plan. Pursuant to RIGL 37-6-2(d), the lease requires approval from the General Assembly for any new or extended lease agreements meeting certain conditions. The authorizations and amendments include the following:

Department of Corrections– 249 Roosevelt Avenue, Pawtucket: Authorizes the Department of Corrections (DOC) to renew a lease agreement with PUI O Inc. for 4,700 square feet of office space located at 249 Roosevelt Avenue in Pawtucket. The DOC uses the property as a regional Adult Probation and Parole location, providing services to Pawtucket and the surrounding communities. The anticipated annual base rent of the lease is not to exceed \$106,716, an increase of \$6,982 from the current lease of \$99,734. Furthermore, the lease’s aggregate base rent is not to exceed \$533,580, and the renewal term is expected to be five years, but may not exceed five years.

Department of Administration– Master Facility Plan: Amends RIGL 42-11-2 regarding the powers and duties of the Department of Administration for reporting on statewide master facility plans. The article removes references to quasi state agencies, because the Department of Administration cannot conduct master plans for quasi-public entities; and removes language limiting the reporting to the Division of Capital Asset Management and Maintenance (DCAMM) managed buildings in order to be an inclusive report encompassing all state agency buildings, including group homes.

In addition, the article eliminates language referring to a report due October 31, 2014, clarifies that the benchmark report is just about office space, and changes the report due date from December 15 to February 15, with the first report due on February 15, 2025. The FY2025 Budget includes \$500,000 in RICAP funds to fund the Statewide Facility Master Plan.

ARTICLE 11: RELATING TO HEALTH AND HUMAN SERVICES

This article makes a number of changes to the Department of Human Services.

Primary Care Training Site Program: The article establishes the Office of Primary Care Training within the Department of Health and charges the Office with the authority to enter into contracts with potential partners so long as the curriculum remains focused on patient-centered medical home (PCMH) and it does not exceed \$90,000. Under this article, primary care training sites must provide interdisciplinary clinical training, maintain National Committee for Quality Assurance (NCQA) Patient- Centered Medical Home (PCMH) accreditation, integrate behavioral health services, provide a curriculum agreed upon by RIDOH to physicians, nurse practitioners, and physician assistants, and include a minimum of 5.0 hours of didactic training introducing the concept of PCMH. The amendment enables the Office to award grants to contracted partners. This amendment has a corresponding fiscal impact of \$2.7 million in general revenue.

RI Works Earned Income Disregard: Article 11 amends the income section of the RI Works program, to increase the monthly earned income disregard from \$300 to \$525 of gross earnings. The current earned income disregard amount has not changed since the FY2023 Enacted Budget. However, prior to the FY2023 change, the earned income disregard had not changed since 2008, when RI Works was introduced. The Budget includes \$550,000 in TANF funds to support this increase. The Department anticipates an additional 70 more families would receive RI Works benefits.

RI Works Benefit Increase: The article amends the RI Works monthly benefit by 20.0 percent, now providing a family of 3 with \$990/month rather than \$825/ month. The table below illustrates the changes to the proposed benefit as compared to the current benefit.

RI Works Cash Assistance Article 11	Current Benefit	Article 11 Benefit	Article 11 Change	
1st Person	\$425	\$510	\$85	20%
2nd Person	159	191	\$32	20%
3rd Person	137	164	\$27	20%
Additional Persons	104	125	\$21	20%

Ri Works Full Family Sanctions Repeal: The article repeals full family sanctions within the RI Works Programs, now sanctioning only the parent and reducing the payment by the parent’s portion of the benefit, while still keeping the child on the benefit. Article 11 also eliminates the complete shutdown of the benefit due to noncompliance. The Office of Management and Budget estimates that the total caseload increase due to terminations of full family sanctions will be about 417 cases annually. This amendment has a fiscal impact of \$100,000 in federal funds.

Child Care Eligibility to 261%: The article increases the income limit for eligible families from 200.0 percent to 261.0 percent of the federal poverty level (FPL). According to the U.S. Department of Health and Human Services, for a family of 3 in 2024, 200.0 percent of the FPL is \$49,720 and 261.0 percent of the FPL is \$65,708 annually. The Department of Human Services (DHS) anticipates an additional 62 children annually and a fiscal impact of \$3.3 million in TANF funding.

Child Care Rate Increase: The article increases reimbursement rates for center-based child care providers across all age groups and tiers by 5.0 percent. The maximum reimbursement rates for infant/toddler, preschool, and school-aged care for licensed child care centers will continue to be paid on a tiered rate based on the quality rating the provider has achieved within the State’s Quality Rating system. The following table illustrate the changes in reimbursement rates for infants/toddlers, preschool-aged, and school age children since FY2022.

Licensed Child Care Centers Infant/ Toddler Rates	FY2022 Infant/Toddler Rates	FY2023 Infant/Toddler rates	Article 11 Infant/Toddler rates	Changes from FY2022	
Tier 1	\$236.36	\$265.00	\$278.00	\$13.00	5%
Tier 2	\$244.88	\$270.00	\$284.00	\$14.00	5%
Tier 3	\$257.15	\$282.00	\$296.00	\$14.00	5%
Tier 4	\$268.74	\$289.00	\$303.00	\$14.00	5%
Tier 5	\$284.39	\$300.00	\$315.00	\$15.00	5%

Licensed Child Care Centers Preschool Rates	FY2022 Preschool Rates	FY2023 Preschool Rates	Article 11 Preschool Rates	Changes from FY2022	
Tier 1	\$207.51	\$225.00	\$236.00	\$11.00	5%
Tier 2	\$212.37	\$235.00	\$247.00	\$12.00	5%
Tier 3	\$218.45	\$243.00	\$255.00	\$12.00	5%
Tier 4	\$223.50	\$250.00	\$263.00	\$13.00	5%
Tier 5	\$231.39	\$260.00	\$273.00	\$13.00	5%

Licensed Child Care Centers School Age Rates	FY2022 School Age Rates	FY2023 School Age Rates	Article 11 School Age Rates	Changes from FY2022	
Tier 1	\$180.36	\$200.00	\$210.00	\$10.00	5%
Tier 2	\$182.77	\$205.00	\$215.00	\$10.00	5%
Tier 3	\$185.17	\$220.00	\$231.00	\$11.00	5%
Tier 4	\$187.57	\$238.00	\$250.00	\$12.00	5%
Tier 5	\$189.97	\$250.00	\$263.00	\$13.00	5%

The Ladders to Licensure Grant Program: The article directs the Executive Office of Health and Human Services (EOHHS) to establish the Ladders to Licensure Grant Program, as a public-private partnership, to

increase the number and diversity of health professionals by providing academic, financial, and wrap-around supports to enable working adults to become licensed health care professionals. The FY2025 Budget includes \$750,000 to support three or four grantee partnerships. The partnerships will consist of private sector health and human employer organizations and education providers, with at least one focused on behavioral health and one on nursing. The EOHHS will collaborate with the Department of Labor and Training and the Office of the Postsecondary Commissioner in the development, implementation, and oversight of the program. EOHHS will provide quarterly reports to the Speaker of the House and the Senate President to document the progress of the program implementation.

ARTICLE 12: RELATING TO PENSIONS

The article amends sections of RIGL impacting the retirement statutes for state employees, teachers, and municipal employees. Adjustments include:

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

Pension Benefit Changes

COLA Restoration for Pre-July 1, 2012 Retirees: The Budget repeals the statutory requirement establishing an aggregate 80.0 percent threshold before COLAs can be restored to retirees. Once repealed, these members would immediately begin receiving the COLA adjustment per the current statutory provisions. Presently, the statutory COLA limit for members retiring before July 1, 2012 is \$31,026.

Reduces the COLA threshold from 80.0 percent to 75.0 percent: The article also reduces the COLA threshold to reinstate COLAs from the current 80.0 percent funded ratio to 75.0 percent, for members retiring after July 1, 2012.

Reduces Final Average Salary Computation from 5-years to 3-years: The article reverses the statutory calculation for an employee's final average salary formula from a calculation based on the employee's highest five-year average salary to the employee's highest three-year average salary. The General Assembly increased the average calculation from 3 years to 5 years as part of the 2009 pension reforms.

State Employee Public Safety Professionals Parity to MERs: The article provides state employee public safety professionals with the same retirement benefits as those provided to public safety employees within the Municipal Employee Retirement System (MERs). Presently, there are approximately 380 public safety employees (sheriffs, capital police officers, environmental police officers, Quonset firefighters, and juvenile program workers (Training School) that receive the same benefits as state employees. This provides benefit parity between these state employees and those within the police and fire MERs plan. This parity impacts service accrual, retirement age eligibility, and annual retirement benefit.

Effective January 1, 2025, these state employee public safety professionals will contribute 10.0 percent of their compensation to the retirement system and exempts these employees from participating in the defined contribution plan.

Post-retirement Employment Earnings: The article increases the maximum post-retirement employment earnings from \$18,000 to \$25,000 for retired educators that meet certain criteria to resume work as part-

time instructors at state colleges, university, or state schools, and earn a maximum gross compensation of \$25,000 per year without a reduction or forfeiture of retirement benefits.

90-Day Substitute Teacher Provisions: The Budget extends the provisions under RIGL 16-16-24.2, regarding post-retirement substitute teaching and post-retirement employment related to statewide staffing, that any teacher, administrator, or staff member may exceed the ninety-day (90) cap on post-retirement employment upon certain conditions. Unless otherwise extended by the General Assembly, this provision will sunset on June 20, 2025.

Post-retirement Employment Contributions: The Budget adds a provision that any retired teacher, administrator, or staff member who, in post-retirement, becomes a substitute teacher shall not be responsible for any contribution to the retirement system. However, the local education authority shall provide the employer's contribution to the retirement system. Unless otherwise extended by the General Assembly, this provision will sunset on June 20, 2025.

ARTICLE 13: RELATING TO MAKING REVISED APPROPRIATIONS IN SUPPORT OF FY2024

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

- Sets the airport impact aid formula at \$1.0 million.
- Authorizes 15,652.8 FTE positions, reflecting a net increase of 15.9 FTE positions, as compared to the authorized level set in the FY2024 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 \$7.0 million be allocated to the Rhode Island Promise Scholarship program, and \$2.4 million to support the Rhode Island Hope Scholarship Program.
- Caps the amount the Judiciary may charge five state agencies (Public Defender's Office, Office of the Attorney General, Department of Corrections, DCYF, and Department of Public Safety) for public courthouse occupancy costs at \$1.5 million. It requires Judiciary to provide \$230,000 to the Rhode Island Coalition Against Domestic Violence for domestic abuse court advocacy and requires \$90,000 be provided to the Rhode Island Legal Services to provide housing and eviction defense to indigent individuals.
- Provides \$2.0 million in general revenue to support the state workforce compensation and classification study and requires any unexpended funds be reappropriated to the following year for the same use.
- Includes language to reappropriate all unexpended funds related to the license plate reissuance and implementation of a mobile DMV to the following year.
- Renames the Municipal and Higher Ed Matching Grant Program to the Community Learning Center Municipal Grant Program.
- Amends federal funds, authorized, allocated, or apportioned to the State from the State Fiscal Recovery Fund pursuant to the American Rescue Plan Act of 2021.
- Extends the quarterly reporting period to October 31, 2026, for the Pandemic Recovery Office to identify programs that are at risk of significant under spending or noncompliance with federal or state requirements.
- Removes language from SFRF project description within the Department of Administration for the Ongoing COVID-19 Response.

- Shifts \$1.3 million in federal State Fiscal Recovery Funds (SFRF) to the Executive Office of Commerce’s (EOC) Small Business Assistance program and directs EOC to use \$2.6 million in unexpended SFRF money to support businesses impacted by the closure of the Washington Bridge.
- Eliminates the previously SFRF-funded South Quay Marine Terminal project.
- Allows the Governor to reallocate any State Fiscal Recovery Funds that are at risk of forfeiture from the SFRF program to the Unemployment Insurance Trust Fund. This proposal will be referred to the General Assembly within the first ten days in November, to go into effect 30-days later, unless formally rejected by the House of Representatives and Senate acting concurrently within those 30-days.
- Requires the Department of Environmental Management to transfer \$2.0 million from the Underground Storage Tank Trust Fund to the State Controller by June 30, 2024.
- Requires the Rhode Island Infrastructure Bank (RIIB) to transfer \$5.5 million from funds previously transferred to the RIIB for the Municipal Infrastructure Matching Grant Pool to the State Controller by June 30, 2024.
- Requires the State Controller to transfer \$10.0 million to the Housing Resources and Homelessness restricted receipt account by June 30, 2024.

ARTICLE 14: RELATING TO EFFECTIVE DATE

This article provides that the Act will take effect on July 1, 2024, except as otherwise provided herein.

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Governor
Historic Preservation and Heritage Commission
Human Rights Commission
I-195 Redevelopment Commission
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Business Regulation
Commission on Deaf and Hard of Hearing
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