



SENATE FISCAL OFFICE
REPORT

**GOVERNOR'S FY2025
AND
FY2024 SUPPLEMENTAL
BUDGET**

2024-H-7225 AND 2024-H-7224

BUDGET ANALYSIS

MARCH 25, 2024

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EXECUTIVE SUMMARY

Executive Summary

The Governor's FY2025 Budget recommendation totals \$5,500.1 million in general revenue; \$74.9 million greater than the FY2024 Budget as Enacted. The recommendation includes \$13,676.1 million in all funds; a decrease of \$334.8 million from the FY2024 Budget as Enacted.

Expenditures by Source	FY2023 Unaudited	FY2024 Enacted	FY2024 Governor	Change to Enacted	FY2025 Governor	Change to Enacted
General Revenue	\$5,074.9	\$5,425.1	\$5,378.9	(\$46.2)	\$5,500.1	\$74.9
Federal Funds	5,251.6	5,643.0	5,793.7	150.7	4,929.2	(713.8)
Restricted Receipts	354.6	392.1	443.0	50.9	450.9	58.7
Other Funds	2,218.8	2,550.6	2,793.4	242.9	2,795.9	245.3
Total	\$12,899.9	\$14,010.8	\$14,409.1	\$398.2	\$13,676.1	(\$334.8)

Expenditures by Function	FY2023 Unaudited	FY2024 Enacted	FY2024 Governor	Change to Enacted	FY2025 Governor	Change to Enacted
General Government	\$2,668.1	\$2,705.2	\$2,877.6	\$172.4	\$2,221.8	(\$483.3)
Human Services	5,358.6	6,021.3	6,014.0	(7.3)	6,181.4	160.1
Education	3,254.2	3,481.0	3,566.8	85.8	3,442.9	(38.1)
Public Safety	718.6	810.6	825.6	15.0	860.6	50.1
Natural Resources	140.2	133.7	144.0	10.3	152.5	18.8
Transportation	760.4	859.1	981.1	122.0	816.7	(42.4)
Total	\$12,899.9	\$14,010.8	\$14,409.1	\$398.2	\$13,676.1	(\$334.8)

FTE Authorization	15,463.5	15,636.9	15,652.8	15.9	15,725.8	88.9
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\$ in millions. Totals may vary due to rounding.

The Governor submitted two budget bills this year: the FY2025 proposal and a distinct FY2024 Supplemental Budget. The Governor's proposal for the current year (FY2024) increases the estimated year-end surplus from \$547,959, to \$195.9 million. The increase is driven by a higher opening surplus, significant reappropriations, and reduced departmental expenditures.

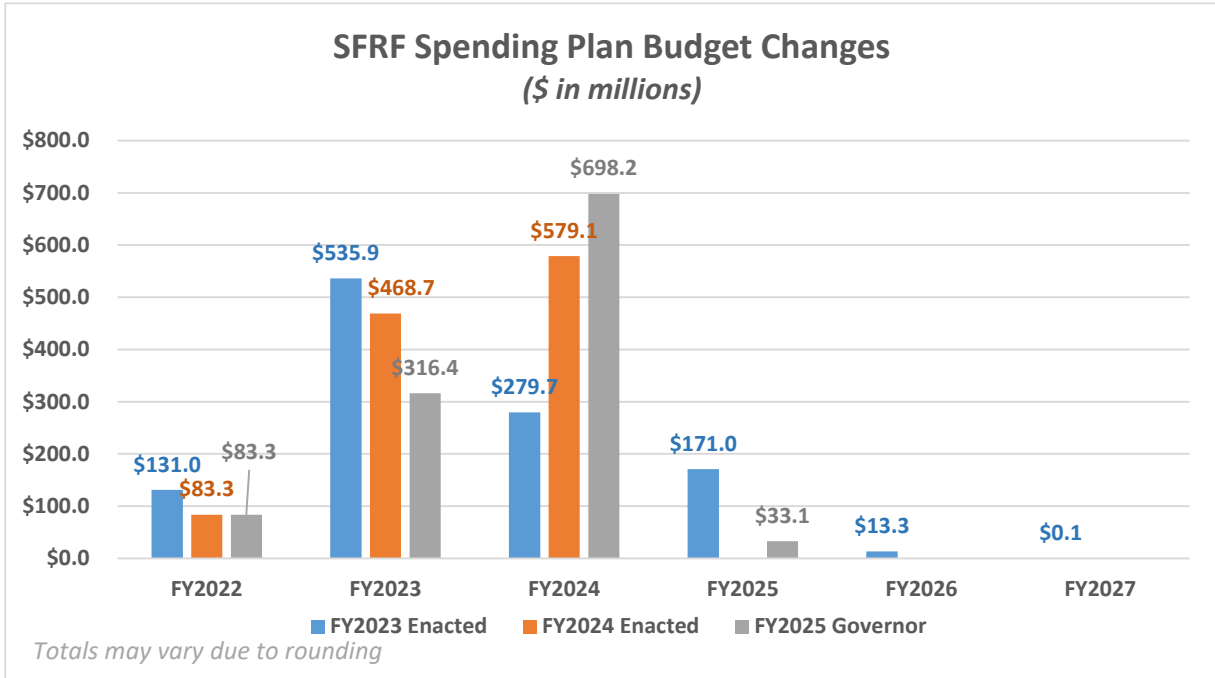
The FY2025 Budget is \$334.8 million less than the FY2024 Budget as Enacted. This is driven by a \$713.8 million decrease in federal fund appropriations as American Rescue Plan Act funds are expended, partially offset by increases in general revenue and other funds sources.

ARPA STATE FISCAL RECOVERY FUNDS

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

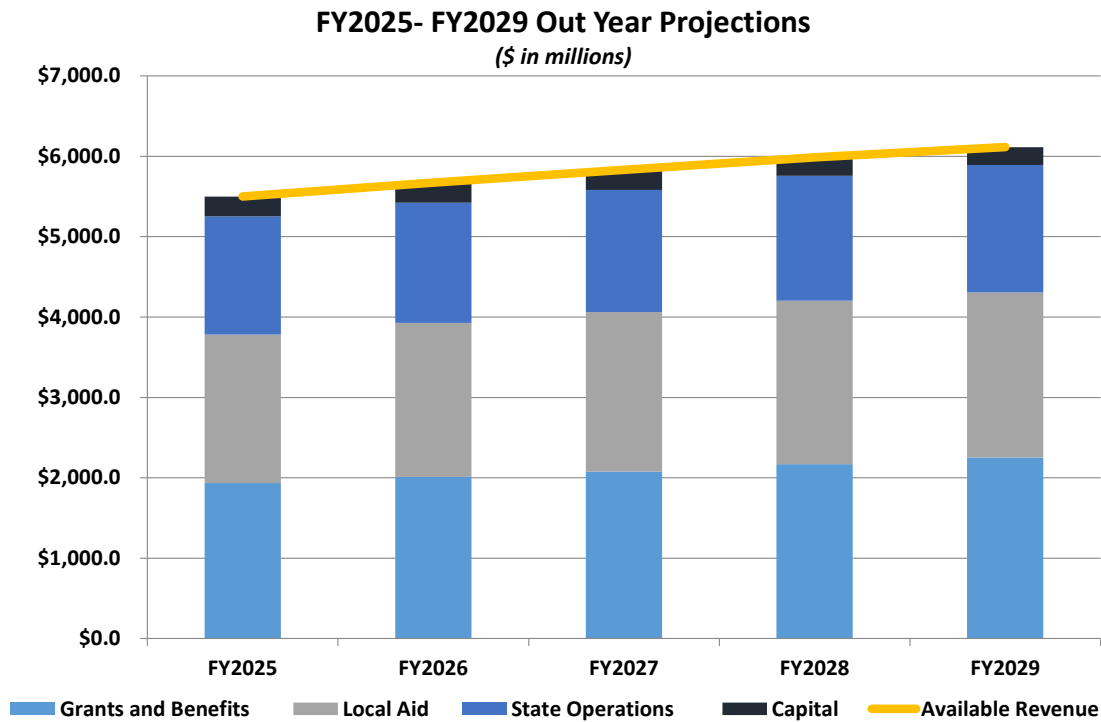
The Governor's budget appropriates \$698.2 million in FY2024 and \$33.1 million in FY2025, for total SFRF spending and appropriations of \$1,131.1 million in FY2022 through FY2025. This represents the entirety of the State's federal allocation.

Of note, the proposed budget includes language to allow the Governor to reallocate funding from an "at-risk" program, as defined by the Pandemic Recovery Office, to the Unemployment Insurance Trust Fund. This is meant to assure that the State fully spends its SFRF authorization within the U.S. Treasury deadlines.

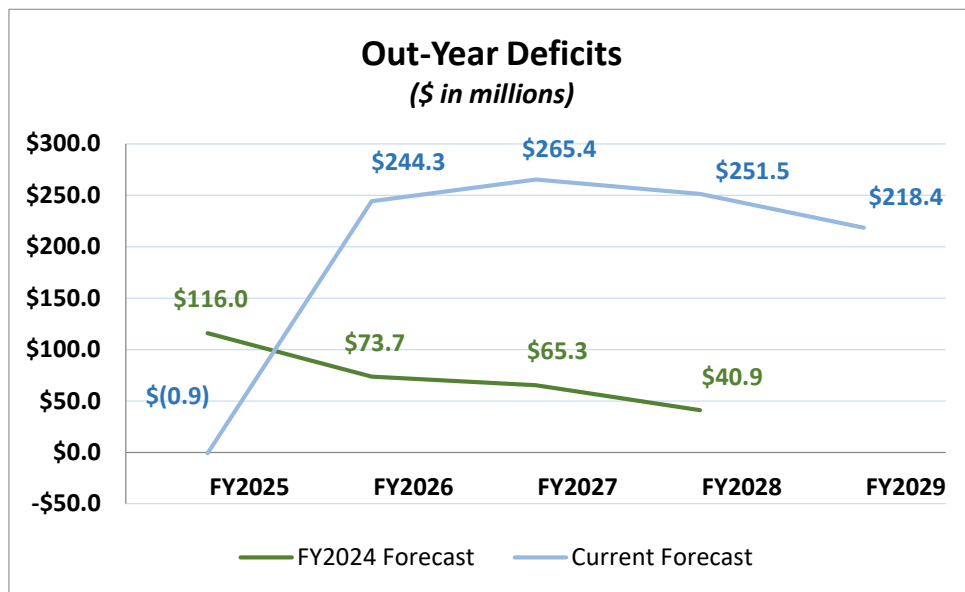


FIVE-YEAR FORECAST

The Budget projects out-year deficits decreasing from \$244.3 million in FY2026 to \$218.4 million in FY2029 (3.6 percent of spending). Projected average annual revenue growth of 1.8 percent, coupled with a projected average annual increase in expenditures of 2.7 percent, creates the State’s projected deficit. Actual out-year performance could vary significantly if growth rates used for both revenue and expenditure forecasts are inaccurate.



Out-year deficit projections increased significantly from what was forecast one year ago. Major drivers of the outyear deficit include anticipated additional funding for human services rates, based on the Office of the Health Insurance Commissioner’s rate review exercise, as well as additional K-12 education funding.

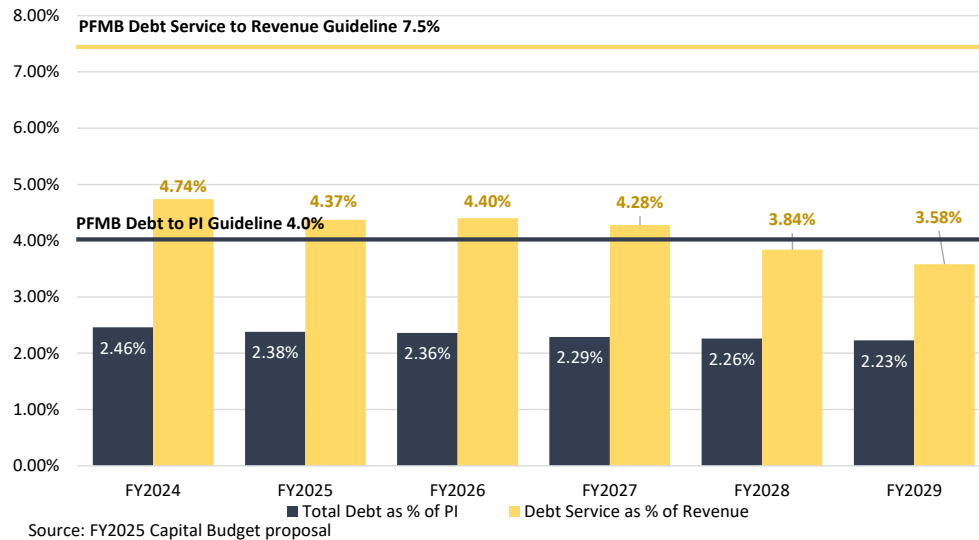


TAX-SUPPORTED DEBT

The Public Finance Management Board (PFMB) provides advice and assistance to all state departments, authorities, agencies, boards, commissions, and public and quasi-public corporations having authority to issue revenue or general obligation bonds or notes.

The PFMB issues guidelines to monitor state debt: tax-supported debt should not exceed 4.0 percent of total personal income for Rhode Islanders, and debt service on tax-supported debt should not exceed 7.5 percent of state general revenue. Over the next five years, the State is projected to remain below the PMFB guidelines as it relates to debt as a percent of personal income (PI); additionally, it is anticipated to remain below the PMFB debt service as a percent of general revenue threshold of 7.5 percent.

The following chart shows current and projected debt service metrics from FY2024 through FY2029. It is probable that these figures will change as projects and issuance timelines are adjusted.



RAINY DAY FUND

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

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

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

The Governor’s proposal projects a Rainy Day Fund balance of \$286.8 million at the end of FY2024, decreasing to \$283.6 million in FY2025. Of note, these balances do not reflect funds in the State Supplemental Budget Reserve Account, discussed below.

Supplemental Budget Reserve Account: The Governor created a supplementary budget reserve fund in FY2024, with the potential to later amend the state constitution to increase the 5.0 percent revenue cap on the existing fund balance. As part of the FY2024 appropriations act, the State transferred \$55.0 million in surplus funding by July 14, 2023, into a “State Supplemental Budget Reserve Account”. Expenditures from

the supplemental account are subject to the same limitations as the existing Rainy Day Fund, and deposits are subject to appropriation.

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

GENERAL REVENUE SURPLUS STATEMENT

	FY2022 Audited	FY2023 Preliminary Audited	FY2024 Enacted	FY2024 Governor	FY2025 Governor
Opening Surplus					
Free Surplus	\$374,425,433	\$209,649,745	\$368,706,714	\$412,262,967	\$195,871,918
Adjustment to Opening Surplus	\$155,277,927	\$270,762,495	\$5,055,846	\$14,717,153	
Reappropriated Surplus	8,446,365	19,442,046		45,152,130	
Subtotal	\$538,149,725	\$499,854,286	\$373,762,560	\$472,132,250	\$195,871,918
Total Revenues	5,204,244,069	\$5,212,664,935	\$5,276,275,288	\$5,323,214,441	\$5,475,253,452
To Cash Stabilization Fund	(167,360,085)	(162,669,440)	(169,349,460)	(172,064,322)	(170,133,761)
From Cash Stabilization Fund					
Total Available Resources	\$5,575,033,709	\$5,549,849,781	\$5,480,688,388	\$5,623,282,369	\$5,500,991,609
Total Expenditures	5,239,941,918	5,074,929,254	5,425,140,429	5,378,940,944	5,500,088,983
Total Surplus	335,091,791	474,920,527	55,547,959	244,341,425	902,626
Intrafund Transfers to restricted receipts	(106,000,000)	(4,444,444)			
Transfer to Retirement System		(6,530,493)			
Transfer to Supp. State Budget Reserve Fund		(6,530,493)	(55,000,000)	(55,000,000)	
Repeal of surplus transfer to Supp. State Budget Reserve Fund				6,530,493	
Reappropriations	(19,442,046)	(45,152,130)			
Free Surplus	\$209,649,745	\$412,262,967	\$547,959	195,871,918	\$902,626
Rainy Day Fund	\$278,933,475	\$271,115,733	\$282,249,100	\$286,773,870	\$283,556,268

Expenditure Changes by Agency

Administration: The Budget includes \$227.9 million in general revenue expenditures (\$519.4 million all funds) for the Department in FY2025, decreasing general revenue expenditures by \$66.0 million. All fund expenditures decrease \$198.4 million reflecting reduced federal SFRF and ARPA funds for pandemic and recovery items and activities.

- **Cybersecurity Grant:** The Budget includes \$1.1 million in general revenue as the state match towards an expected federal \$4.5 million grant from the Infrastructure Investment and Jobs Act through the Homeland Security State and Local Cybersecurity Grant Program.
- **Central Falls School Project:** The Budget adds \$7.2 million in general revenue for debt service to support the \$93.5 million in bonds issued for the Central Falls school project.
- **RICAP Projects:** The Budget includes \$25.0 million in RICAP funding for hospital consolidation, \$49.2 million for demolition and infrastructure improvements at the Pastore Campus, \$4.7 million for renovations to structures at the Zambarano Campus, \$7.1 million for the proposed new Long-Term Acute Care Hospital on the Zambarano Campus, and \$4.3 million for Group Home consolidation.
- **Energy Resources:** The Budget allocates \$500,000 in general revenue to maintain the Erika Niedowski memorial E-Bike Rebate Program, that provides a rebate towards the purchase of e-bikes.
- **Disparity Study:** The Budget allocates \$500,000 in general revenue for the Division of Equity, Diversity, and Inclusion to conduct the Disparity Study as mandated by RIGL 37-14.1-6(d) to be repeated every five (5) years, beginning in fiscal year 2025. The Disparity Study evaluates the need for the development of programs to enhance the participation in state contracts of business enterprises owned by women and minorities,
- **Minority Business Enterprise Recruitment and Certification:** The Budget allocates \$500,000 in general revenue for the Division of Equity, Diversity, and Inclusion to increase participation of minority- and women-owned businesses in state procurement contracts.
- **Federal Lobbying Services:** The Budget includes \$180,000 in general revenue to fund a federal lobbying services contract. The Department of Administration (DOA), already has a contract for lobbying and advisory services to represent the State before federal policymakers, but not the funding in the budget for this purpose. The Budget includes a request to provide for this purpose.
- **SFRF and ARPA Funds:** The Budget includes \$47.6 million in federal SFRF and ARPA funds for pandemic and recovery items and activities.

SFRF and ARPA Response	FY2024	FY2025	Change
	Enacted	Governor	
ARP CPF: Administration (OMB)	-	484,149	484,149
ARP ERA: Emergency Rental Assistance	28,000,000	33,000,000	5,000,000
ARP SFRF: Auto-Enrollment Program HSRI	1,325,358	-	(1,325,358)
ARP SFRF: Community Learning Center Grants	-	2,000,000	2,000,000
ARP SFRF: Health Care Facilities	-	10,000,000	10,000,000
ARP SFRF: Pandemic Recovery Office (OMB)	-	1,345,998	1,345,998
ARP SFRF: Public Health Response Warehouse Support	1,400,000	778,347	(621,653)
Total	\$30,725,358	\$47,608,494	\$16,883,136

- **Emergency Rental Assistance:** The Budget includes \$33.0 million to continue supporting the State's COVID-19 emergency rental assistance program administered in partnership with RI Housing.

- **Health Care Facilities:** The Budget includes \$10.0 million from the ARPA SFRF to support nursing facilities, based on the number of Medicaid bed-days from the 2022 facility cost reports, provided at least 80 percent is dedicated to direct care workers. In FY2023, a total of 75 nursing facilities received their share of the \$30.0 million.
- **Pandemic Recovery Office:** The Budget includes \$1.3 million from the ARPA SFRF funds to finance the personnel and operations of the Pandemic Recovery Office.
- **Community Learning Centers:** The Budget includes \$2.0 million in SFRF to be distributed as formula grants to municipalities that have approved community learning center projects as funded through the Community Learning Center Municipal Grant program under the Capital Projects Fund.
- **Auto Enrollment Program:** The Budget reappropriates \$1.0 million in SFRF funds for other Eligible projects as these funds risk being unspent. The FY2024 Budget as Enacted appropriated \$1.3 million in SFRF funds based on projections for potential new enrollments. However, current program costs are lower than the original estimates.
- **Public Health Response Warehouse Support:** The Budget includes \$778,347 in federal funding from the ARPA SFRF for the storage of personal protection equipment (PPE) and other necessary COVID-19 response related supplies.
- **CPF Administration:** The Budget includes \$484,149 from the ARPA Capital Projects Fund to administer the federal Capital Projects Fund.
- **New FTE positions:** The Budget adds 8.9 FTE positions to the department, including 3.0 FTE positions to Accounts and Control to staff the Enterprise Resource Planning project; 3.0 FTE positions to Division of Human Resources; 1.0 FTE position to the Division of Capital Asset Management and Maintenance for a building manager position at the Shepard Building; 1.0 FTE position for a Chief Data Officer; and 1.0 FTE position to the Office of Energy Resources to support grant programs. The proposal funds 7.0 FTE position from internal service funds and 2.0 FTE positions funded by restricted receipts. The FTE position increase is offset by a 0.1 FTE reduction.

Department of Business Regulation: The Budget includes \$24.5 million in general revenue (\$39.6 million in all funds) for the Department in FY2025. This represents a general revenue increase of \$200,296 when compared to the FY2024 Budget as Enacted, and is attributable to the following:

- **Social and Human Services Rate Review:** The Budget includes \$1.1 million to sustain the OHIC Rate Review. Program costs fluctuate biannually due to the requirements of RIGL 42-14.5-3(t), the legislation that vested OHIC with the responsibility to conduct the review.
- **Administrator of Office of Cannabis Regulation:** The Budget includes \$255,654 in restricted receipts to fund the administrator of the Cannabis Office, which is statutorily mandated by the Rhode Island Cannabis Legalization Act of 2022. The position will act as the chief of the office, which serve as the administrative hand of the Cannabis Control Commission and the Cannabis Advisory Board. The salary is subject to approval of the RI Department of Administration's Human Resource Division.
- **Cannabis Business Tax Liability:** The Governor allows Rhode Island Businesses licensed under the RI Medical Marijuana and Adult-Use cannabis statutes to deduct ordinary business expenses from taxable income for state tax purposes beginning in tax year 2025.

Labor and Training: The Governor's FY2025 Budget includes \$18.0 million of general revenue (\$594.3 million in all funds) to support the Department of Labor and Training, reflecting an increase of \$293,426 (\$66.7 million in all funds) relative to the FY2024 enacted level. Significant budgetary adjustments include the following:

- **Workers' Compensation System Study:** The Governor recommends \$200,000 of general revenue be provided to the Department to fund a Workers' Compensation System Study. The Study shall include an analysis of the system's rates, benefits, and administrative costs, a comparison to systems in other states, as well as recommended improvements. The report is to be submitted to the Governor, Speaker of the House of Representatives, and the President of the Senate by March 31, 2025.
- **Employment Security Fund:** The Governor recommends \$222.7 million in other funds to support the Employment Security Fund, reflecting an increase of \$79.9 million from the FY2024 enacted level.
- **Temporary Disability Insurance Fund:** The Governor recommends \$278.9 million in other funds to support the Temporary Disability Insurance Fund, reflecting an increase of \$16.7 million from the FY2024 enacted level.
- **SFRF Reallocation to Unemployment Trust Fund:** The Budget authorizes the Governor to reallocate underspent State Fiscal Recovery Funds deemed to be at risk of forfeiture to the unemployment trust fund. Additionally, Article 3 grants the Department's Director the authority to determine the unemployment insurance tax rate with a calculation date between September 30 and December 31, 2024.

Department of Revenue: The Budget includes \$399.0 million in general revenue for the Department of Revenue (DOR) in FY2025, a net \$1.3 million increase over the enacted level. The increase is primarily related to addition funds for property tax revaluation and increased staff. These changes and other major budget initiatives include:

- **Proactive Tax Collection Initiatives:** The Governor recommends an additional \$741,999 in general revenue to fund 3.0 new FTE positions in FY2025 with the Division of Taxation. This new staff will support several proactive collection initiatives recommend by the Governor in the FY2025 Budget. These initiatives, outlined in the Revenue Changes section of this report, are estimated to collectively raise \$10.4 million in general revenue in FY2025.
- **E-Cigarettes Tax:** The Governor recommends \$152,292 in general revenue to support an additional 2.0 FTE positions to assist with implementation of a proposed new tax on e-cigarettes. Article 6 includes a new tax on electronic nicotine delivery system (ENDS) products, also known as e-cigarettes. It sets the tax at the "other tobacco products" (OTP) rate of 80.0 percent of the wholesale cost. It also establishes a licensing, enforcement, and collection regime within the Division of Taxation.
- **iGaming / Lottery:** The Governor recommends an increase of \$2.0 million in Lottery funds to fund an additional 19.0 FTE positions to oversee the recently established iGaming program which launches in March 2024.
- **State Aid:** The Budget includes \$326.2 million in general revenue for the State Aid programs, a \$981,119 increase over the enacted level. This increase is attributable to required additional funding under the property revaluation program to accommodate a larger volume of revaluation. Some State Aid program highlights are here with greater details provided in the Local Aid section of this report.
 - **Tangible Property Reimbursement:** Article 4 of the FY2024 Budget as Enacted provides for a new state aid program that reimburses municipalities the foregone revenue associated with a statewide tangible property tax exemption. The Governor has budgeted an estimated \$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.
 - **Motor Vehicle Excise Tax Reimbursement:** For FY2025 the Budget includes \$234.7 million in total general revenue reimbursement funding for cities and towns, equal to the FY2024 enacted level. The Governor also recommends eliminating the sales tax inflator which is estimated to have

increased the total aid program by \$7.7 million. Eliminating this calculation removes the administrative burden of counting and tracking automobiles that cities and towns would have to undertake each year.

- **PILOT:** The Governor budgets \$49.2 million for the State’s PILOT program in FY2025, level with the FY2024 enacted amount. The amount represents 26.7 percent if forgone tax revenue, as compared to the statutory target of 27.0 percent.

Secretary of State: The Budget includes \$3.8 million in RICAP funds towards the construction of the \$101.7 million Rhode Island Archives and History Center. The new building would serve as a permanent home for the display of historical documents and artifacts. The Governor proposes a bond referendum for the November 2024 General Election to provide \$60.0 million in general obligation bonds. Additional financing will include \$30.0 million from private/federal sources, and \$10.0 million from RICAP funds.

Executive Office of Commerce: The Governor includes \$68.7 million in total funding in FY2025 to support of the economic development programming within the Executive Office of Commerce (EOC) and the Rhode Island Commerce Corporation. The Budget consists of \$38.3 million in total general revenue and \$22.0 million in federal funds, including \$2.0 million in additional federal State Fiscal Recovery Funds (SFRF), and \$8.4 million in Rhode Island Capital Plan funds

- **Reauthorization of Incentives:** Article 7 reauthorizes the EOC’s incentive programs for an additional year by extending the statutory sunset provisions placed on them from December 31, 2024, to December 31, 2025.
- **Innovation Programs:** The Governor recommends \$2.0 million in FY2025. The program provides financial assistance to small businesses (under 500 employees) for research and development technical assistance. Awards can range from \$5,000 to \$75,000. Vouchers may be used to pay for: research and technological development; product development; commercialization; market development technology exploration; and improved business practices/strategies that grow business and create operational efficiencies. Article 7 of the Budget expands the eligible organizations under the program to include employee-owned (or transitioning to employee-owned) businesses. It also establishes grants of up to \$5,000 to defray the costs of applying for patents.

Article 7 also 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.

- **Rebuild RI:** The Governor recommends \$10.1 million in general revenue in FY2025 for the Rebuild RI Tax Credit and Sales Tax Exemption program, \$16.3 million less than the FY2024 enacted level. Rebuild RI uses both tax credit and sales tax exemption incentives to promote investment in real estate development for commercial and/or residential use across the State.
- **Wavemaker:** The Governor recommends \$3.6 million for the Stay Invested in Rhode Island Wavemaker Fellowship program in FY2025. The program is a competitive student loan reimbursement program for college and university graduates who take employment in science, technology, engineering, and mathematics (STEM) fields in Rhode Island. In 2022, the General Assembly expanded the program to include high-demand healthcare practitioners and mental health counselors. Article 7 expands the program to include teachers.

- **Small Business Assistance:** The Governor recommends \$2.0 million in FY2025 to support the Small Business Assistance Program. This Commerce Corporation program engages private lenders to support businesses with fewer than 200 employees.
- **Air Service Development Fund:** The Governor recommends \$1.2 million in total general revenue to support the development of additional direct airline routes to major metropolitan areas through the Air Service Development Fund.
- **Destination Marketing:** The Governor includes \$1.4 million in general revenue in FY2025 to continue to market Rhode Island tourism out-of-state in a manner that supports airline routes out of Rhode Island/T.F. Green International Airport. This program has previously been funded in FY2023 and FY2024 through SFRF and Commerce Corporation matching funds.
- **Main Street RI Streetscape Improvement Program:** The Governor recommends \$1.0 million in FY2025 to fund the Main Street RI program. The program provides loans, matching grants, and other forms of financing to municipalities and other organizations to upgrade streetscapes in local business districts. Funding supports technical assistance, refurbishing facades, improved lighting, and signage. Recipients are required to provide a 30.0 percent match.
- **Minority Business Accelerator:** The Governor recommends \$500,000 in general revenue in FY2025, to support EOC's Minority Business Accelerator program. This is addition to \$6.0 million in previous SFRF support for this program. The program supports and invests resources to enhance the growth of minority business enterprises. This includes financial and technical assistance, entrepreneurship training, space for programming and co-working, and assistance accessing low-interest loans.
- **Small Business Promotion:** The Governor recommends \$1.0 million to incentivize the use of in-state suppliers by large in-state businesses and reducing dependence on out-of-State companies the SupplyRI initiative. The RI Commerce Corporation facilitates the initiative through networking platforms and technical assistance.
- **RI Commerce Corporation:** The Governor recommends an additional \$215,553 in general revenue within the Rhode Island Commerce Corporation's base allocation to support increased personnel and operating costs within quasi-public organization.
- **SFRF:** The Governor recommends the reprogramming of \$2.0 million in federal American Rescue Plan Act State Fiscal Recovery Funds (SFRF) to continue to support the tourism and hospitality industry. The funding will be used by the RI Commerce Corporation's Placemaking program. The programs support outdoor and public space capital improvements and event programming.

Department of Housing: The Governor includes \$9.8 million from general revenues (\$36.0 million all funds) for the Department of Housing. This represents a decrease of \$23.2 million in general revenue as compared to the FY2024 Budget as Enacted and includes the following changes:

- **Low-Income Housing Tax Credit Program:** The Budget includes \$4.0 million in general revenue for the Low-Income Housing Tax Credit program, a program intended to increase the development of affordable housing in the State.

Executive Office of Health and Human Services: The Budget includes \$1,408.9 million from general revenues (\$3,968.8 million all funds) for the Executive Office of Health and Human Services in FY2025. This represents a general revenue increase of \$94.7 million (\$153.8 million all funds) when compared to the FY2024 Budget as Enacted. The major changes include the following:

- **Rate Review Recommendations:** The Budget includes \$22.2 million in general revenue (\$56.0 million all funds) to implement recommended rate increases related to the Office of the Health Insurance Commissioner (OHIC) [final report](#) on the Social and Human Services Programs Review as required

pursuant to RIGL 42-14.5-3(t)(2)(x). The Governor recommends implementing the increases over three years, except for the Early Intervention services which would be fully implemented in the first year.

- **Certified Community Behavior Health Clinics (CCBHCs) (1.0 FTE position):** The Budget includes a \$16.0 million reduction in general revenue (\$442.8 million all funds) to reflect the shift of the implementation date from February 1, 2024, to July 30, 2024; the recommendation to decline the inflation adjustment during the first year of implementation; and, the addition of 1.0 new FTE position focused on third-party liability recovery. In FY2024, the Budget includes a \$4.4 million reduction in general revenue (\$11.4 million all funds) to reflect the shift in implementation date.
- **Module Medicaid Management Information System:** The Budget provides a total of \$4.6 million in general revenue (\$46.1 million all funds) for the design, development, and implementation of the modular system to move away from the current MMIS, as required by the Centers for Medicare & Medicaid Services (CMS).
- **Elimination of the Graduate Medical Education (GME):** The Budget includes a \$2.5 million reduction in general revenue to reflect the elimination of GME payments to hospitals that are used toward the cost of residency programs.
- **Income Verification Software:** To increase the timeliness and accuracy of payroll data utilized in the income verification process for Medicaid benefits, the Governor recommends an increase of \$1.4 million in general revenue (\$5.6 million all funds).
- **Nursing Facility Payment Methodology Transition:** The Budget includes \$1.1 million in general revenue (\$2.8 million all funds) to shift nursing facility payments from the Resource Utilization Group (RUG) system to a Patient-Driven Payment Model (PDPM) as required by the CMS.
- **Health System Planning and Oversight (2.0 FTE positions):** The Governor recommends an additional \$778,069 in general revenue (\$931,819 all funds) to support 2.0 new FTE positions and implement long-term healthcare system planning and alignment of existing initiatives.
- **Communications Consolidation (6.0 transferred FTE positions):** The Governor recommends consolidating communications in EOHHS through the transfer of staff from the health and human service agencies to EOHHS and provides an increase of \$296,349 in general revenue (\$458,144 all funds). The Budget includes reductions in other HHS agencies where the transfers occur.
- **RIte Share (5.0 FTE positions):** The Budget includes an increase of \$143,062 in general revenue (\$286,123 all funds) to support 5.0 FTE positions in increasing the capacity of the RIte share program.
- **Program Integrity (1.0 FTE position):** To increase the capacity of the Medicaid Eligibility Quality Control (MEQC) program, the Budget includes an increase of \$41,329 in general revenue (\$82,658 all funds) to support 1.0 new FTE position.
- **Nursing Facility Investments (SFRF):** The Governor recommends \$10.0 million in federal State Fiscal Recovery Funds (SFRF) to help support nursing facilities in the first quarter of FY2025 until the new rate increases are implemented on October 1, 2025.
- **Opioid Crisis Response Funding:** The Budget includes \$11.1 million in restricted receipts to support new and ongoing initiatives to address the opioid and substance use disorder crisis in Rhode Island.

Department of Children, Youth, and Families: The Governor includes \$235.9 million from general revenues (\$361.7 million all funds) and a net increase of 9.0 FTE positions for the Department of Children, Youth, and Families in FY2025. This represents an increase of \$18.6 million in general revenue compared to the FY2024 Budget as Enacted. The major changes include the following:

- **Children's Behavioral Health Licensing FTEs:** The Budget includes an increase of \$206,015 in general revenue (\$236,718 all funds) for the addition of 2.0 FTE positions related to oversight of children's behavioral health services and the licensing of children's behavioral health organizations.
- **Caseload Adjustment:** The Budget includes an increase in general revenues of \$17.4 million (\$29.8 million all funds) to reflect the updated caseload projections and associated operational adjustments for the Department, including updates to the Federal Medical Assistance Percentage.
- **Rhode Island Training School FTEs:** The Budget includes an increase of \$949,732 in general revenue for 8.0 new FTE positions within the Rhode Island Training School. The new positions will support the permanent opening of an additional residential unit at the school to accommodate the continued increase in the facility's census.
- **Communications Consolidation FTE:** The Budget includes a decrease of \$99,293 in general revenues (\$132,743 all funds) related to the shifting of 1.0 FTE position into the Executive Office of Health and Human Services. The position transfer is part of an effort to standardize communications across the health and human services agencies.

Department of Health: The Budget includes \$37.4 million in general revenue (\$342.2 million in all funds) for the Department in FY2025. This represents a general revenue increase of \$1.7 million when compared to the FY2024 Budget as Enacted, and is attributable to the following changes:

- **Lead Rental Registry:** The Budget includes \$1.3 million in general revenue for the development of a statewide lead registry system as described in Article 3 of the FY2025 Budget as Recommended by the Governor. The Lead Rental Registry is a publicly accessible web-based database where renters can look up their properties to see whether their homes are compliant with the State's lead abatement laws. The registry will consist of rental properties built after 1978. Funding would support technology, contracted staff, and community outreach.
- **Cancer Registry:** The Budget includes \$135,411 in general revenue to support and sustain the RI Cancer registry, which allows RIDOH and the CDC to evaluate incidence, morality, trends, and health disparities among people diagnosed with cancer. These funds would support 2.0 FTEs employed through the Hospital Association of Rhode Island, which maintains and uploads medical records to the registry.
- **JUUL Settlement:** The Budget includes \$350,000 in general revenue from the \$6.3 million JUUL settlement. Funds will be used to mitigate and educate school aged children on the dangers of vaping.
- **Opioid Crisis Response Funding:** The Budget includes a total of \$4.7 million in restricted receipts to address Rhode Island's opioid crisis. Of these funds, \$1.6 million derive from the Opioid Stewardship Fund, and \$3.1 million from the Statewide Opioid Abatement Funds.
- **COVID 19 Response:** The Budget includes a total of \$57.7 million in federal funds to support COVID response, recovery, and mitigation. The budget reappropriates a total of \$2.0 million in SFRF funds which were originally allocated for COVID-19 Operational Support, to other SFRF eligible projects as these funds are at risk of not being spent.

Department of Human Services: The Budget includes \$142.0 million in general revenue (\$797.4 million in all funds) for the Department in FY2025. This represents a general revenue decrease of \$13.5 million when compared to the FY2024 Budget as Enacted, and is attributable to the following:

- **SNAP Summer EBT:** The Budget includes \$838,180 in all funds, \$419,090 in general revenue, to fund the administration of a Summer SNAP EBT program. The Department received approval to participate in the program from the USDA Food and Nutrition Services in May 2023 and will receive \$10.2 million

in federal benefit payments. Each household will receive a lump sum of \$123 per child in the summer months to counteract hunger outside of school. This benefit is only available to school aged children.

- **Call Center Workforce Stabilization:** The Budget \$499,887 in general revenue (\$987,943 all funds), for the addition of 10.0 FTE positions in the DHS call center. Currently, the DHS call center has approximately 40 FTEs. The Department is experiencing high call volume and high wait times of about 1 hour. The additional 10.0 FTEs will ensure a more equitable experience as there would be shortened wait times allowing every Rhode Island resident in need to receive support from the call center.
- **Income Verification Software:** The Budget includes \$1.6 million in general revenue (\$2.8 million in all funds) for Income Verification Software, otherwise referred to as The Work Number (TWN). TWN is a software created by Equifax that quickly and accurately provides beneficiary income data. Currently, the Department 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 would improve wage accuracy where SWICA falls short and has the potential to decrease benefit costs. DHS currently uses a manual version of TWN for its human service programs, including non-MAGI Medicaid. Medicaid is the only program that solely uses SWICA information.
- **Child Support Enforcement Case Management System Transition:** The Budget shifts \$187,167 in general revenue (\$541,667 all funds) from FY2024 to FY2025 to better align with the timeline of the RIKidsBridge Transition off the State’s Legacy mainframe to a web-based platform. While the mainframe is utilized by the Office, it has become outdated (designed in the early 1990s). The system supports approximately 70,000 child support cases, collecting about \$93.0 million in child support annually.
- **Communications Consolidation:** The Budget includes a decrease of \$102,747 (\$147,456 all funds) to transfer public information officers (PIO) to EOHHS, which was outlined in statute.

Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals: The Governor’s Budget includes \$321.3 million in general revenues (\$706.3 million all funds) and a net increase of 1.0 FTE position for the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals. This represents a general revenue increase of \$10.5 million compared to the FY2024 Budget as Enacted and includes the following changes:

- **Office of the Health Insurance Commissioner’s Rate Review:** The Budget includes an increase of \$91,993 in general revenues (\$209,027 all funds) to implement the new rates for home health services following the Office of the Health Insurance Commissioner’s rate review.
- **Conflict Free Case Management:** The Budget includes \$103,696 in general revenues (\$1.1 million all funds) for the development and implementation of a Conflict Free Case Management system within the Services for the Developmental Disabilities program.
- **Group Home Maintenance FTEs:** The Budget increases general revenues by \$282,014 to support the addition of 2.0 FTE positions for personnel to oversee the maintenance and upkeep of the state-owned group home facilities within the Department’s portfolio.
- **Caseload Estimating Conference:** The Budget includes an increase of \$17.8 million in general revenue, \$42.6 million all funds, to reflect the caseload adopted at the November 2023 Caseload Estimating Conference. This increase captures continued expenditure growth in Residential and Community Based Services including a new support services expansion.
- **Opioid Crisis Response (restricted receipts):** The Budget includes restricted receipts in the amount of \$1.5 million in Opioid Stewardship Funds and \$4.8 million in Statewide Opioid Abatement Funds for the continuation of new and existing initiatives related to the opioid and substance abuse crisis in Rhode

Island. Of the \$1.5 million in Opioid Stewardship Funds, \$500,000 is distributed equally to the seven Regional Substance Abuse Prevention Task Forces to fund priorities as determined by each Task Force.

- **JUUL Settlement:** The Budget includes \$50,000 in general revenues from the JUUL Settlement to be allocated to support programs seeking to reduce teenage vaping in the State.
- **ESH and Zambarano Billing (restricted receipts):** The Budget includes a shift of \$3.6 million from general revenue to restricted receipts to account for the utilization of unused past receipts of Medicare Part D and non-Medicaid reimbursement at Eleanor Slater and Zambarano Hospitals.
- **FMAP Adjustment and Hospital Billing (federal funds):** The Budget recommends \$67.4 million in federal Medicaid funds for the Eleanor Slater (ESH) and Zambarano Hospitals and the Rhode Island Community Living and Supports program. This increase accounts for the change in the blended Federal Medicaid Assistance Percentage (FMAP) rate from 54.89 percent to 55.99 percent.
- **Communications Consolidation FTE:** The Budget decreases general revenues by \$100,617 (\$179,158 all funds) related to the shifting of 1.0 FTE position into the Executive Office of Health and Human Services. The position transfer is part of an effort to standardize communications across the health and human services agencies.
- **9-8-8 Hotline (State Fiscal Recovery Funds):** The Budget includes an additional \$1.9 million in State Fiscal Recovery Funds and \$1.0 million in other federal funds to provide continued funding for the 9-8-8 National Suicide Prevention Lifeline. The FY2023 and FY2024 Enacted Budgets included \$3.5 million in State Fiscal Recovery Funds for this purpose, bringing total funding for the hotline to \$6.4 million.

Elementary and Secondary Education: The Governor increases funding in the Department by \$67.1 million in general revenue (a net decrease of \$60.5 million all funds) and provides 3.0 new FTE positions. The major changes include the following:

- **Education Aid Funding Formula:** The Budget includes an increase of \$44.2 million in education aid, relative to the FY2024 Budget as Enacted. This includes \$17.7 million for the funding formula based on the proposed cap on the core instruction amount year-over-year increase. The Budget includes an increase of \$16.6 million for English learners, and an increase in the categorical weight from 15.0 percent to 25.0 percent.
- **Mathematics and English Language Arts Improvement Strategy:** The Governor recommends \$15.0 million in general revenue for distribution to local education agencies (LEA’s) to provide coaching, professional development for teachers, and to meet to the needs of students, teachers, and families.
- **Learn365RI:** To replace funding temporary federal funding, the Governor provides \$3.0 million in general revenue to support out-of-school programming with a focus on critical skill development.
- **School Housing Aid:** The Governor recommends \$106.2 million for the school housing aid program, an increase of \$2.0 million.

Categorical	FY2025 Governor's Education Aid	
	Change from Enacted	Total Funding
Formula Formula	\$17.7	\$1,211.2
Enrollment Transition	5.1	25.0
Poverty Loss Stabilization Fund	(4.5)	1.2
Transportation	0.6	11.2
Early Childhood	7.2	30.0
High-Cost Special Education	-	15.0
Central Falls Stabilization	-	10.5
Career & Tech. Schools	-	4.5
Davies Stabilization	1.6	1.6
English Learners	16.6	36.1
Met School Stabilization	0.0	2.1
Regionalization Bonus	-	-
School Resource Officer Support	-	-
Group Home Aid	(0.1)	1.8
Total	\$44.2	\$1,350.2

\$ in millions

- **Teacher Retirement:** Teacher retirement decreases by \$475,207, providing \$132.3 million total.
- **Central Falls:** The Budget provides an increase of \$337,138 in education aid and \$7.2 million in debt services for the Central Falls school project.
- **School Breakfast and Lunch:** The Budget includes \$812,952 to provide free school meals to all students in public schools eligible for reduced-price meals.
- **Preschool Expansion (2.0 new FTEs):** The Governor recommends \$234,961 for a new early learning position and a support staff position to facilitate the Pre-K program expansion. In addition, the Budget provides an additional \$7.2 million in Early Childhood categorical funds to support 35 new classrooms.
- **Career and Technical Education (1.0 new FTE):** The Governor recommends \$149,028 in general revenue to support 1.0 new FTE position focused on developing a CTE program monitoring plan, including materials, schedule, and protocols.
- **Adult Education Providers:** The FY2024 Budget as Enacted consolidated \$1.5 million in State Fiscal Recovery Funds provided annually in FY2024 and FY2025 to expand access to educational and literacy programs in the FY2023 Budget into FY2024, to ensure the timely obligation of the funds to comply with United States Treasury rules. In the FY2025 Budget, the Governor shifts \$127,822 of these funds into FY2025.
- **Out-of-School Time Learning Grants:** In FY2024 Budget as Enacted included \$4.0 million in State Fiscal Recovery Funds to be distributed through the Office of Student, Community, and Academic Supports at the Department of Elementary and Secondary Education to community organizations. The grants will be used to expand access to educational programs. The Governor does not change this funding, all the funding remains in FY2024 and does not continue into FY2025.

Higher Education: The Budget increases funding over the FY2024 Budget as Enacted by \$7.2 million in general revenue (\$3.3 million decrease in all funds) for Public Higher Education and provides a net increase of 1.0 new FTE positions, with a total salary of \$110,754, located within the Office of the Postsecondary Commissioner as the Operation Coordinator for the Westerly Education Center. Major changes in funding include the following:

- **Office of the Postsecondary Commissioner:** The increase of \$519,825 in general revenue (a \$14.3 million decrease in all funds) is attributable to the following:
 - **Dual and Concurrent Enrollment:** The Budget includes an increase of \$2.3 million in general revenue to maintain concurrent and dual enrollment programs at their current funding level. The programs were originally funded through reserves in the Division of Higher Education Assistance, however, those funds have been expended completely.
 - **Shepard Building Maintenance and Parking Contract:** The Budget includes a reduction of \$2.0 million in general revenue associated with contractual changes for parking and maintenance to the Shepard Building. Previously, the Office was responsible for the maintenance of the building while parking costs were maintained by URI. However, with new departments residing in the Shepard building, the maintenance and parking costs will be allocated to those agencies.
 - **Last Dollar Scholarship:** The Budget includes an increase of \$1.3 million in general revenue to maintain funding for the Last Dollar Scholarship, which provides scholarships for Rhode Islanders attending URI, RIC, CCRI, and in-state private institutions. The scholarship was partially funded through the Division of Higher Education Assistance; however, that fund has been expended completely.
- **University of Rhode Island:** The Budget includes an increase of \$3.4 million in general revenue (\$22.1 million increase in all funds) for the University of Rhode Island. Of these funds \$2.7 million in general revenue are allocated to the rising costs in personnel and operating services and \$620,711 is reserved

for the new resource planning system. The Budget also includes \$7.2 million increase in RICAP funds for stormwater treatment, PFAS water treatment, asset protection, and facilities improvements.

- **PFAS Water Treatment Reallocation:** The Budget reallocates \$20.0 million in SFRF funds due to risks identified by the Pandemic Recovery Office (PRO). The PRO identified the project as a Level II Risk as the budget timeline indicates that \$3.2 million of the total project costs will be incurred in the first two quarters of FY2027 and does not provide any flexibility to URI in case there is a delay in the project. Funding for the project is replaced by RICAP funds.
- **Rhode Island College:** The Budget includes an increase of \$1.3 million in general revenue (\$1.7 million increase in all funds). These funds will be used to cover the rising costs of personnel and operating services and costs for the new Enterprise Resource Planning system. The Budget also includes a reduction of \$624,500 in the Hope Scholarship due to updated enrollment projections.
- **Community College of Rhode Island:** The Budget includes an increase of \$1.9 million in general revenue (\$12.1 million increase in all funds). Of these funds, \$1.7 million will be expended on the rising costs of personnel and operation services, and \$180,179 will be expended on the Enterprise Resource Planning System. The Budget also includes a reduction of \$689,994 to the Rhode Island Promise Scholarship due to updated enrollment projections.

Corrections: The Governor's FY2025 Budget includes \$293.7 million in general revenue expenditures (\$328.2 million in all funds) to support the Department of Corrections, representing a \$12.7 million increase (\$39.4 million in all funds) from the FY2024 enacted level. Significant budgetary adjustments include the following:

- **Recidivism Study:** The Budget directs the Department to conduct a study evaluating recidivism trends and the outcomes of the existing correctional programs. The study shall include regional comparisons, historical recidivism rates, significant factors impacting prison population projections, an inventory of evidence-based rehabilitative practices and programs, as well as a review of the effectiveness of Correctional Industries programming. The Department must submit a report reflecting the study's findings to the Governor, Speaker of the House of Representatives, and the President of the Senate by March 1, 2025.
- **Operating Expenditure Increase:** The Governor recommends a \$7.6 million net increase to rectify structural shortfalls in the Department's general revenue financing. The increase is primarily related to unachieved savings that were included in the FY2024 Budget as Enacted, as well as price increases of necessary products such as food, medical supplies and clothing. These adjustments mirror similar increases in the FY2024 Governor's Revised Budget but are partially offset in FY2025 due to a reduction in overtime related to the newly recruited Correctional Officer classes in FY2024 and FY2025.
- **Nursing Contract:** The Governor recommends \$1.8 million in general revenue as a reserve to account for increased personnel costs for nursing staff related to the upcoming agreement with the Rhode Island Brotherhood of Correctional Officers. The increase represents adjusted pay scales and benefits including tuition reimbursement and retroactive payments. The FY2024 Governor's Revised Budget includes a corresponding \$1.6 million of general revenue for this initiative.
- **HVAC Replacement:** The Governor recommends a total amount of \$41.1 million in RICAP funds (\$26.9 million in FY2025) to replace and renovate the HVAC system within the Intake Service Center. The Department indicates that the system has reached the end of its useful life and its replacement is necessary to maintain health and safety standards at the facility.
- **FTE Position Transfer:** The Governor recommends a \$192,188 increase to general revenue and the addition of 1.0 FTE to support the transfer of a Chief Inspector from the Department of Administration

to the Department of Corrections investigations office. The FY2024 Governor's Revised Budget includes a corresponding \$190,809 of general revenue for this initiative.

Emergency Management: The Budget adds \$543,448 in general revenue to fund a Rhode Island Emergency Management Agency public safety warehouse. In addition, the Budget includes \$7.4 million in federal SFRF and ARPA funds for pandemic and recovery items and activities.

COVID-19 Response	FY2024	FY2024	Change
	Enacted	Governor	
EMPG 2020- Emergency Management Preparedness Grant	\$779,360	\$0	(\$779,360)
EMPG 2021 Emergency Management Preparedness Grant	3,307,267	780,835	(2,526,432)
EMPG 2022 Emergency Management Preparedness Grant	3,611,603	1,457,194	(2,154,409)
EMPG 2023 Emergency Management Preparedness Grant	-	2,209,307	2,209,307
NPSG 2021 Non Profit Security Grant	273,137	386,873	113,736
NPSG 2022 Non Profit Security Grant	1,351,372	1,339,266	(12,106)
NPSG 2023 Non Profit Security Grant	-	1,064,369	1,064,369
NSGP- 2020 Nonprofit Security Grant	192,979	184,616	(8,363)
Total	\$9,515,718	\$7,422,460	(\$2,093,258)

Public Safety: The Governor's FY2025 Budget includes \$122.4 million of general revenue expenditures (\$185.1 million in all funds) to support the Department of Public Safety, representing a \$14.6 million reduction (\$4.7 million in all funds) from the FY2024 enacted level. Significant budgetary adjustments include the following:

- **Statewide Computer Aided Dispatch and Records Management System:** Pursuant to RIGL 42-28.10, the Governor recommends \$3.0 million in FY2025 for the creation of a new centralized public safety computer-aided dispatch and records management system. The system will be utilized by the Department as well as various law enforcement agencies providing a single, modern, and unified platform for dispatch and public safety records. The expenditure is financed by \$2.5 million in E-911 wireline and wireless surcharge restricted receipts as well as federal funds provided by FEMA and the National Highway Traffic Safety Administration.
- **Capitol Police FTE Position:** The Governor recommends \$98,999 in general revenue to support the salary and benefits of 1.0 Capitol Police FTE position to strengthen security at the State House.
- **Southern Barracks:** The Governor recommends a total of \$38.2 million in RICAP funds (\$20.0 million in FY2025) to support the construction and creation of the Department's Southern Barracks.

Department of Environmental Management: The Governor reduces general revenue funding relative to the FY2024 Budget as Enacted by \$1.5 million (a net increase of \$18.6 million in all funds) while providing 12.0 new FTE positions. Changes in funding include the following:

- **Mosquito Surveillance:** An increase of \$200,000 in general revenue is provided for continued surveillance of mosquito-borne diseases, principally West Nile Virus and EEE.
- **Parks and Recreation 12.0 new FTE Positions:** The Budget includes 12.0 new FTE positions for maintenance, security, and public engagement at parks and beaches.
- **Seafood Marketing Collaborative:** The Budget provides \$100,000 in general revenue to support local fishermen and small seafood business, and to increase awareness and consumption of locally fished species.
- **Litter-Free Rhody:** The Governor recommends \$100,000 in general revenue to continue the Litter-Free Rhody program to encourage community involvement in the removal of trash and litter from state parks, beaches, and management areas.

- **Paint and Mattress Recycling Reforms:** Article 3 would require solicitation of competitive bids for an organization to implement and manage the paint and mattress recycling programs.

Coastal Resources Management Council: The Budget provides \$3.6 million in general revenue (\$6.2 million all funds), and increase of \$210,989 in general revenue (\$266,194) all funds relative to FY2024 Budget as Enacted), including \$25,000 in general revenue to implement the 2023 shoreline access legislation.

Transportation: The Governor's FY2025 Budget includes \$816.7 million in all fund expenditures to support the Department of Transportation, representing a \$42.4 million reduction from the FY2024 enacted level. The recommendation includes an additional \$15.0 million of State Fiscal Recovery Funds (SFRF) to support one on-going project and one proposed project. Significant budgetary adjustments include the following:

- **Rhode Island Public Transit Authority Operating Grant:** The Governor recommends a one-time transfer of \$10.0 million in SFRF to the Rhode Island Public Transit Authority (RIPTA) for assistance in resolving the projected deficit in the FY2025 operating budget. RIPTA's FY2025 budget submission includes a deficit of \$18.1 million and the SFRF will address the Authority's short-term needs.
- **Rhode Island Public Transit Authority Efficiency Review:** The Budget directs RIPTA to conduct an efficiency review of its transit operations and submit a report to the Governor, Speaker of the House of Representatives, and the President of the Senate. The review's objective is to increase RIPTA's overall efficiency by ensuring the Authority is using their provided resources effectively. The review should focus on cost-effectiveness and include data such as operating expenses, ridership figures, costs per rider, and other information across all serviced regions. Additionally, the review may explore other transit service delivery models and successful transit strategies in order to produce recommendations to foster effective and sustainable transit operations. The report must be submitted by January 1, 2025.
- **Statewide Litter Campaign:** The Governor recommends 10.0 FTE Groundskeeper positions within the Department of Transportation's existing FTE authorization for the Statewide Anti-Litter Campaign. The positions would manage the removal of roadside litter, debris, graffiti, and roadside trees, as well as other maintenance projects.
- **Municipal Road Program:** The Governor recommends an additional \$5.0 million in SFRF for the Municipal Road Program, increasing the program's total to \$25.0 million. As of December 2023, all 39 cities and towns within the State are participating in the program. The Pandemic Recovery Office indicates that planned expenditures to date leverage \$20.0 million of SFRF into a total investment of \$74.0 million on municipal road improvements. The additional \$5.0 million will be distributed evenly with each participating municipality eligible for \$128,205.

FY2024 Supplemental

Administration: The Budget includes \$292.4 million in general revenue expenditures (\$712.1 million all funds) for the Department in FY2024, decreasing general revenue expenditures by \$1.5 million and decreasing all fund expenditures by \$5.6 million.

- **RICAP Projects:** The Budget includes \$43.1 million for demolition and infrastructure improvements at the Pastore Campus, \$13.2 million for renovations to structures at the Zambarano Campus, and \$1.5 million for the proposed new Long-Term Acute Care Hospital on the Zambarano Campus, and \$5.0 million for Group Home consolidation.
- **Debt Service:** The Budget decreases general revenue by \$6.5 million, reflecting an updated debt service schedule.
- **Statewide Personnel and Operations:** The Budget includes \$5.0 million in general revenue for Federal Emergency Management Agency (FEMA) reserve and contingency payments

Department of Revenue: The Governor recommends \$374.4 million in total general revenue funding in FY2024 which is a net reduction of \$23.3 million from the enacted level. Revised budget initiatives include:

- **State Aid:** The Governor recommends shifting \$28.0 million in State Aid funding from FY2024 to FY2025. The shift relates to the timing and implementation of the State's new Tangible Property reimbursement program, which does not realize expenditures until the following fiscal year.
- **iGaming / Lottery:** The Governor also recommends \$628,396 in additional lottery funds in FY2024 to support additional staff to oversee the State's new iGaming program. Total FTE positions department-wide in FY2024 increases from 575.5 to 587.5.

Secretary of State: The Budget adds \$929,996 in general revenue to support the procurement and maintenance of voting equipment.

Executive Office of Commerce: The Governor recommends \$66.3 million in total general revenue funding in FY2024 which is \$101,365 less than the enacted level. The Governor also recommends \$166.7 million federal American Rescue Plan Act State Fiscal Recovery Funds, which is a \$1.9 million increase over the enacted level (not counting housing-related projects). Revised budget initiatives include:

- **Minority Business Accelerator:** The Governor recommends \$5.0 million in federal SFRF funding in FY2024 for the Minority Business Accelerator program, an increase of \$999,940.
- **Destination Marketing:** The Budget includes \$2.1 million in federal SFRF funding in FY2024 for marketing Rhode Island in regions served by air routes through Rhode Island T.F. Green International Airport. This is a \$600,368 increase over the enacted level.
- **Broadband:** The Governor recommends \$25.0 million in federal American Rescue Plan Act Capital Projects funding for the State's broadband initiatives, an increase of \$15.4 million over the enacted level.

Department of Housing: The Budget includes \$269.4 million in State Fiscal Recovery Funds, \$73.9 million more than the FY2024 Budget as Enacted, for 16 projects as illustrated in the below table. The additional \$73.9 million represents a reallocation of unspent funds from FY2023 towards the same purpose in FY2024.

Department of Housing SFRF Project Changes	FY2024 Enacted	FY2024	
		Governor's Proposed	Change to Enacted
Predevelopment and Capacity Building	\$500,000	\$889,731	\$389,731
Development of Affordable Housing	55,000,000	85,259,175	30,259,175
Homelessness Assistance Program	13,000,000	15,942,397	2,942,397
Site Acquisition	10,000,000	10,000,000	-
Down Payment Assistance	20,000,000	20,000,000	-
Workforce Housing	8,000,000	20,000,000	12,000,000
Affordable Housing Predevelopment Program	7,500,000	7,500,000	-
Home Repair and Community Revitalization	9,500,000	24,500,000	15,000,000
Homelessness Infrastructure	30,000,000	41,285,088	11,285,088
Proactive Housing Development	1,400,000	1,400,000	-
Targeted Housing Development	31,000,000	31,000,000	-
Housing Related Infrastructure	4,300,000	4,300,000	-
Preservation of Affordable Units	500,000	500,000	-
Municipal Planning	2,300,000	2,300,000	-
Municipal Homelessness Support Initiative	2,500,000	2,500,000	-
Statewide Housing Plan	-	2,000,000	2,000,000
Total	\$195,500,000	\$269,376,391	\$73,876,391

Department of Children, Youth, and Families: The Governor recommends \$209.2 million in general revenue funding (\$361.1 million all funds) for the Department of Children, Youth, and Families in FY2024. This is a decrease of \$8.1 million in general revenues and \$5.3 million all funds as compared to the FY2024 Budget as Enacted. The following major changes are reflected.

- **Caseload Adjustment:** The Budget includes an increase of \$1.9 million in general revenues to reflect adjustments to the Department's caseload programs as well as updates to the Federal Medical Assistance Percentage.
- **Foster Home Lead Abatement and Fire Safety (State Fiscal Recovery Funds):** The Budget removes \$375,000 in State Fiscal Recovery Funds (SFRF) originally intended to provide financial assistance to foster families for costs related to lead remediation and fire safety. The Department, in consultation with the Pandemic Recovery Office, determined that both the fire safety and lead abatement portions of this project would be unable to meet their federal obligation deadline and the funds would instead be made available for repurposing to projects that can be implemented quickly in order to meet federal obligation requirements for SFRF projects.
- **Psychiatric Residential Treatment Facility (State Fiscal Recovery Funds):** The Budget includes \$9.6 million in State Fiscal Recovery Funds to expand in-state capacity at private facilities as well as the initial design of a new qualified psychiatric residential treatment facility (PRTF). This is a reappropriation of unspent funds included for the same purpose in the FY2023 Budget as Enacted.

Department of Health: The Budget includes \$35.7 million in general revenue (\$385.5 million in all funds) for the Department in FY2024 Revised. This represents a general revenue decrease of \$1.1 million when compared to the FY2024 Budget as Enacted, and is attributable to the following changes:

- **Cancer Registry:** The Budget includes \$135,411 in general revenue to support and sustain the support the RI Cancer registry, which allows RIDOH and the CDC to evaluate incidence, morality, trends, and health disparities among people diagnosed with cancer. These funds would support 2.0 FTEs employed through the Hospital Association of Rhode Island, which maintains and uploads medical records to the registry.
- **First Connections/ Family Home Visiting Medicaid Budget Transfer:** This Budget consists of a technical change, removing \$1.9 million in all funds from RIDOH to account for the transfer of

RIDOH's funding for the first connections and family home visiting program. The FY2024 Budget as enacted transferred the Medicaid billing portion of the Department's family home visiting program to ensure an easier billing process for providers. However, the FY2024 budget did not remove the funds from RIDOH.

- **Opioid Crisis Response Funding:** The Budget includes a total of \$6.8 million in restricted receipts to address Rhode Island's opioid crisis. Of these funds, \$2.4 million derive from the Opioid Stewardship Fund, \$4.0 million from the Statewide Opioid Abatement Funds, and \$353,107 derive from the McKinsey Opioid Settlement Funds. The McKinsey fund will be fully expended after FY2024.
- **Healthy Eating and Active Living FTE:** The Budget includes an additional 1.0 FTEs to support the Healthy Eating and Active Living (HEAL) Program, which is overseen by the State Physical Activity and Nutrition (SPAN) Cooperative agreement with the CDC. The Department recently received federal funding from the CDC's Division of Nutrition, Physical Activity, and Obesity.
- **Women's Cancer Screening 0.2 FTE:** The Budget includes 0.2 FTE to support the Department's Women's Cancer Screening program. The position was originally reduced to 0.8 FTE in 2016. The current employee has resigned from the position and RIDOH is requesting to increase the position back to 1.0 FTE. The position is fully supported through federal funds and result in a net \$0 general revenue increase.
- **Communications Consolidation:** This Budget item transfers 3.0 Public Information Officers (PIO) to EOHHS, which was outlined in statute. The transition would require an additional 3.0 FTEs within EOHHS. The transfer would better interagency communication between EOHHS and other HHS agencies, especially for goals that align with other state agencies (overdose prevention, HCBS, strengthening the healthcare workforce). This would also enable the communications teams to develop communications dashboards to track outcomes relating to paid media, activity with social media accounts, E-newsletter metrics, sponsored community events, etc.
- **COVID 19 Response:** The Budget includes a total of \$110.5 million in federal funds to support COVID response, recovery, and mitigation.

Department of Human Services: The Budget includes \$152.1 million in general revenue (\$839.0 million in all funds) for the Department in FY2024. This represents a general revenue decrease of \$3.4 million when compared to the FY2024 Budget as Enacted, and is attributable to the following:

- **Child Support Enforcement Case Management System Transition:** The Budget shifts \$187,167 in general revenue (\$541,667 in all funds) from FY2024 to FY2025 to better align with the timeline of the RIKidsBridge Transition off the State's legacy mainframe to a web-based platform. While the mainframe is utilized by the Office, it has become outdated (designed in the early 1990s).

Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals: The Governor recommends \$322.7 million in general revenue funding (\$714.1 million all funds) for the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals in FY2024. This is an increase of \$11.8 million in general revenues and \$41.2 million all funds as compared to the FY2024 Budget as Enacted. The following major changes are reflected:

- **DD Reappropriations:** The Budget includes an increase of \$2.9 million in general revenue for the automatic reappropriation for the same purpose of unspent FY2023 funds associated with the Developmental Disability Consent Decree Transformation and Technology Funds.
- **Caseload Estimating Conference:** The Budget includes an increase of \$10.4 million in general revenues, \$23.3 million all funds, to reflect the caseload adopted at the November 2023 Caseload Estimating Conference. This increase captures higher than anticipated costs in Residential and

Community Based Services, including the addition of a support services expansion and an increase in the RIPTA contract.

- **Opioid Crisis Response Funding (restricted receipts):** The Budget includes restricted receipts in the amount of \$3.7 million in Opioid Stewardship Funds, \$7.8 million in Statewide Opioid Abatement Funds, and \$250,000 in McKinsey Opioid Settlement Funds for the continuation of initiatives, both new and existing, related to the State's opioid and substance abuse crisis. Of the \$3.7 million in Opioid Stewardship Funds, \$500,000 is to be distributed equally to the seven Regional Substance Abuse Task Forces to fund priorities as determined by each Task Force.
- **9-8-8 Hotline (State Fiscal Recovery Funds):** The Budget includes \$3.2 million in State Fiscal Recovery Funds, an increase of \$1.6 million as compared to the FY2024 Budget as Enacted, to support continued funding of the 9-8-8 Suicide Prevention Lifeline. This funding is a reappropriation of unspent funding for the same initiative from the FY2023 Enacted Budget. \$671,846 in federal Substance Abuse and Mental Health Services Administration grant funding is also included to provide additional funding support as the project continues to search for a permanent funding source.

Commission on Disabilities: The Budget includes \$1.3 million in general revenue reflecting an increase of \$560,018 to fund the Livable Home Modification Grant Program.

Higher Education: The Budget increases funding over the FY2024 Budget as Enacted by \$6.3 million in general revenue (\$21.5 million all funds decrease) for Public Higher Education. Major changes in funding include the following:

- **Office of the Postsecondary Commissioner:**
 - **Shepard Building Moving Expenses:** The Budget includes an increase of \$300,000 in general revenue to account for the Office's move to the Shepard Building.
 - **Shepard Building Parking:** The Budget includes a decrease of \$597,000 in general revenue to reflect an updated parking contract, reflecting updated usage estimates.
- **University of Rhode Island:** The Budget includes an increase of \$5.9 million in general revenue (\$24.3 million decrease in all funds). Of these funds \$5.8 million in general revenue are allocated to address the University's portion of the FY2023 statewide shortfall of the Health benefits Fund. The Budget also transfers \$20.0 million in SFRF funds from the FY2024 Enacted Budget to address concerns with the University's PFAS project. The project is completely replaced by RICAP funds.
- **Rhode Island College:** The Budget includes an increase of \$1.7 million in general revenue (\$6.5 million increase in all funds). The Budget includes an increase of \$1.6 million in general revenue to address the College's portion of the shortfall within the Health Benefits Fund. The College will experience a decrease of \$1.6 million in general revenue associated to updated enrollment projections for the Hope Scholarship.
- **Community College of Rhode Island:** The Budget includes an increase of \$1.7 million in general revenue (\$746,061 decrease in all funds). Of these funds, \$1.5 million will be used to address the College's portion of the shortfall within the Health Benefits Fund. The College will also experience a \$1.0 million decrease in general revenue due to update enrollment projections for the RI Promise scholarship.

Corrections:

- **FY2024 Deficit Resolution and Operating Expenditure Increases:** The Governor recommends an increase of \$12.2 million to resolve the Department's deficit and augment the general revenue financing level. The Department experienced an increase in "per diem" operating expenses due to increased inflation and rising inmate population. Per diem expenses include food, medical supplies and services,

educational programming, and clothing. There is a corresponding but lesser increase in FY2025 that is offset by a reduction in overtime related to the newly recruited Correctional Officer classes in FY2024 and FY2025.

- **Personnel and Operating Support:** The Budget includes \$20.0 million of SFRF to address the Department's increased personnel and operating expenditures. The Department experienced recruiting and retention challenges related to the COVID-19 pandemic, which created an increase in overtime and personnel expenditures.

Analyst Note: The Office of Management and Budget indicates that operating and personnel expenses qualify for federal support under the revenue replacement category of the State Fiscal Recovery final rule.

Judiciary: The Budget reappropriates \$2.0 million in unspent general revenue from FY2023 into the Indigent Defense funds in FY2024 and FY2025.

Public Safety:

State Police and Division of Sheriffs Vehicles: The Governor recommends repurposing \$3.3 million of the FY2024 general revenue agency surplus to purchase vehicles for the State Police and Division of Sheriffs. This initiative would allow for the replacement of high mileage and out of service vehicles and avoid using the State Fleet Revolving Loan Fund for vehicle acquisitions in FY2024.

Department of Environmental Management:

- **Underground Storage Tank Transfer:** The Budget includes the transfer of \$2.0 million in restricted receipts to general revenue.
- **Firefighting Foam Disposal:** The Budget provides an increase of \$200,000 in general revenue to fund the disposal of the remaining firefighting foam with PFAS currently known to be held by fire departments in the State.

Articles

FY2025

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 15,725.8 FTE positions reflecting a net increase of 88.9 FTE positions as compared to the authorized level set in the FY2024 Budget as Enacted.
- Details Community Service Objective (CSO) grant funding recipients and amounts.
- Requires that all unexpended or unencumbered balances relating to the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island, be reappropriated to FY2026. In addition, the Office of the Postsecondary Commissioner shall provide \$7.9 million be allocated to the Rhode Island Promise Scholarship program, and \$3.4 million be allocated to the Rhode Island Hope Scholarship Program.
- Caps the amount the Judiciary may charge five state agencies (Public Defender's Office, Office of the Attorney General, Department of Corrections, DCYF, and Department of Public Safety) for public courthouse occupancy costs at \$1.4 million.
- Requires that Rhode Island Housing and Mortgage Finance Corporation continue to provide resources to support the Neighborhood Opportunities Program; an amount, however, is not designated. The Article requires a report be provided to the Director of Administration, chair of the Housing Resources Commission, State Budget Officer, and the chairs of the House and Senate Finance Committees on the number of housing units produced and funding.
- Clarifies that the federal funds do not include federal funds or assistance appropriated, authorized, allocated, or apportioned to the State from the State Fiscal Recovery Fund and Capital Projects Fund pursuant to the American Rescue Plan Act of 2021. Requires that all unexpended or unencumbered balances relating to the State Fiscal Recovery Fund and Capital Projects Fund be reappropriated to FY2025 and made available for the same purposes.
- Extends the quarterly reporting period to October 31, 2024, for the Pandemic Recovery Office to identify programs that are at risk of significant under spending or noncompliance with federal or state requirements. The reports are provided to the chairpersons of the House and Senate Finance Committees.
- 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.
- Includes the appropriation mechanism necessary for incremental tax revenues collected from State economic activity taxes generated in Pawtucket's Downtown Redevelopment district to be made available to the City. Legislation enacted in 2019 established several geographical districts within downtown Pawtucket that would constitute the City of Pawtucket's Downtown Redevelopment project. Any incremental tax revenues generated in these districts related to new economic development are to be made available to the City once an agreement is made between City and the State. This agreement was entered into in December 2020. Since the passage of the legislation, CommerceRI has been certifying these revenues and the Division of Taxation has segregated them into their own account. The language makes the formal appropriation in the Budget to disburse the funds to the City of Pawtucket.

Article 2: Relating to State Funds

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

- **Supplemental State Budget Reserve Account:** Establishes that the Supplemental State Budget Reserve Account will be funded solely through appropriations made by the General Assembly and eliminates the statutory requirement that upon the issuance of the audited financial statement, the State Controller will transfer 50.0 percent of the excess general revenue, net of the transfer to the State Budget Reserve and Cash Stabilization account, to the Supplemental State Budget Reserve account.
- **Indirect Cost Recovery Exemptions:** 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.
- **Commodity Food Supplemental Programs:** Establishes a restricted receipt account within the Office of Health Aging (OHA) titles “Commodity Food Supplemental Programs – Claims” to account for funds collected pursuant to payments for loss of food. The USDA Food and Nutrition Service conducted an audit of the program and determined a need for the account to comply with USDA standards.
- **Group Home Facility Improvement 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.
- **Executive Climate Change Coordinating Council (EC4):** 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.
- **Electric Vehicle Charging Stations Operating and Maintenance Fund:** 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. The new account will be exempt from the indirect cost recovery requirements. In addition, OER is required to establish electric vehicle charging station fees, by January 1, 2025, for use of such stations on state property.

Article 3: Relating to Government Reform and Reorganization

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

- **Reporting Requirement:** Amends or repeals numerous reporting requirements within the Department of Health (DOH), Department of Environmental Management (DEM), The Department of Business Regulation (DBR), The Department of Behavioral Health, Developmental Disabilities, and Hospitals (BHDDH), and the RI Commerce Corporation (Commerce), that the Governor or aforementioned Departments find obsolete.
- **Paint Stewardship Program:** Authorizes the creation of a reserve fund, held by the implementing organization, to maintain the paint stewardship program. This section requires competitive bidding for the management contract for the paint recycling program. The article also mandates an audit each time a new organization is selected to administer the program.
- **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.

- **Mattress Recycling:** Amends current language to create a more competitive mattress recycling program by enabling the resource recovery corporation to create a competitive selection process that aligns with State procurement laws. The article enables the corporation to administer the program only if it can be done at a lower cost than the selected organization, or if there is no organization interested in administering the program. The Article also enables the administering organization to establish a reserve fund sufficient to operate the program over a multi-year period.
- **Mattress Stewardship Council:** Repeals the Mattress Stewardship Council in its entirety.
- **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.
- **Unemployment Insurance Tax:** Authorizes the Direction of the Department of Labor and Training (DLT) to determine the unemployment insurance tax rate between September 30 and December 31 for calendar year 2024, only.
- **Residential Landlord and Tenant Act:** Amends the Residential Landlord and Tenant Act to include properties built before 1978. The article also enables the Department of Health (DOH) to create a publicly accessible database detailing all landlords who had not complied with lead hazard mitigation laws.
- **Caseload Reporting:** Changes the reporting date for BHDDH's developmentally disabled population from the 15th to the 25th of each month.
- **State Purchases and Ethics:** Establishes new ethical standards for all individuals involved in the procurement process and establishes a disciplinary process which enables the Chief Purchasing Officer to recommend the appropriate consequence and/or referral to the RI Ethics Commission.
- **State Purchases:** Establishes "public interest" as a primary goal of the public procurement system and establishes the Eprocurement system as the mainframe for all state contracts and solicitation. The article amends language and bidding practices to align with Eprocurement practices.
- **Bidder Registration Fees:** Repeals the \$25 registration fee for all potential bidders during the procurement process.
- **Micro Business Act:** Repeals the Micro Business Act in its entirety
- **DCYF Higher Education Incentive Grant:** Amend eligibility for the Higher Education Incentive Grant, mandating that DCYF notifies children ages 14 and older in DCYF care of the grant and associate opportunities. It also broadens spending to educational institutions outside of State schools. The Article extends usage of the grant to materials, food and transportation. It also ensures that each individual who applied to the Workforce Development Grant receives it.

Article 4: Relating to Debt Management Act Joint 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. 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.

Article 5: Relating to Capital Development Program

This article authorizes the issuance of and outlines terms and processes for various general obligation bonds, totaling \$345.0 million, to be placed on the ballot for voter approval in November 2024. The projects are broken down into the following four questions.

- **Question 1: Higher Education Facilities:** Approval of this question would allow the issuance of \$135.0 million in general obligation bonds for capital improvements to higher education facilities, including \$80.0 million for the construction of a biomedical sciences building at the University of Rhode Island and \$55.0 million for renovations and improvements to support the Institute for Cybersecurity and Emerging Technologies at Rhode Island College.
- **Question 2: State Archives and History Center:** Approval of this question would allow the issuance of \$60.0 million in general obligation bonds for the construction of a new Rhode Island State Archives and History Center. This funding represents only a portion of total project costs, with an additional \$10.0 million from Rhode Island Capital Plan funding and \$31.7 million from a combination of federal and private grant funding bringing the total project cost to \$101.7 million.
- **Question 3: Housing and Community Opportunity:** Approval of this question would allow the issuance of \$100.0 million in general obligation bonds to support community revitalization, increase production and infrastructure for affordable and middle-income housing, and promote home ownership.
- **Question 4: Green Economy Bonds:** Approval of this question would allow the issuance of \$50.0 million in general obligation bonds for the following environmental and recreational projects:
 - **Port of Davisville Infrastructure at Quonset:** \$20.0 million for infrastructure projects to support growth and modernization at the Port of Davisville including new access roads, laydown area improvements, and security upgrades.
 - **Climate Resiliency and Public Access Projects:** \$2.0 million for up to 75 percent matching grants to public and non-profit entities for restoration and/or resiliency improvements of vulnerable coastline habitats, rivers, and stream floodplains.
 - **Brownfields Remediation and Economic Development:** \$5.0 million for up to 80 percent matching grants to public, private, and/or non-profit entities for brownfield remediation projects.
 - **Local Recreation Projects:** \$5.0 million for up to 80 percent matching grants for municipalities to meet needs for outdoor recreational facilities through acquiring, developing, or rehabilitating local recreational facilities.
 - **Municipal Resiliency:** \$10.0 million for municipalities for restoration and resiliency improvements of infrastructure, vulnerable coastal habitats, rivers, and stream floodplains.
 - **Newport Cliff Walk:** \$8.0 million for restoration and resiliency improvements of the historic public Newport Cliff Walk.

Article 6: Relating to Taxes and Fees

This article modifies several state taxes, credits, and repeals a permit and its associated fee. Specifically, the article:

- **Pension Modification Increase:** Increases the maximum pension modification for personal income taxes. Article 6 allows taxpayers to exempt up to \$50,000 of pension income (\$100,000 for joint filers) from their taxable income purposes of determining their state personal income tax liability. This change

is anticipated to reduce FY2025 revenue by \$3.0 million based on a January 1, 2025, start date and \$6.2 million in FY2026.

- **Corporate Minimum Tax Reduction:** Reduces the minimum business corporation tax from \$400 to \$350 for tax years beginning on or after January 1, 2025. This tax was last reduced by the General Assembly in 2016. In Tax Year 2022 there were 76,976 corporate minimum filers. This change is estimated to reduce FY2025 collections by \$2.3 million based on a January 1, 2025, start date. This increases to \$4.7 million in FY2026.
- **Net Operating Loss Carryforward:** Extends Rhode Island's current five-year net operating loss carryforward period to twenty years. The carryforward helps new businesses that operate without profit for multiple years by allowing them to offset operating losses with future profits and reducing their near-term tax liabilities.
- **Cannabis Tax Changes:** Allows state-licensed cannabis businesses to make certain 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.
- **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.
- **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.
- **E-Cigarettes 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. The tax is levied at the "other tobacco products" (OTP) rate of 80.0 percent of the wholesale cost. The new tax is estimated to generate \$5.3 million in revenue based on an October 1, 2025, start date.
- **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.
- **Gas Tax-Supported RIPTA Elderly/Disabled Transportation Program:** Amends how the Rhode Island Public Transit Authority's (RIPTA) Elderly/Disabled Transportation program administratively receives its share of the motor fuel tax. Currently, the funding comes as a pass-through from the State's Office of Health Aging. The article changes this by authorizing the funds to go directly to RIPTA.
- **Sales Tax Adjustment – Car Tax State Aid Program:** Eliminates the annual sales tax growth adjustment that is provided to municipalities as part of the Motor Vehicle Excise Tax State Aid program. This change reduces the administrative burden of cities and towns by eliminating the need to continue counting vehicles as part of the calculation.
- **Fee Changes:** Eliminates or amends various fees impacting individuals and business.
 - **Repeal of Fees:** The article eliminates the following fees:

Initiative	Impact
Real Estate Duplicate License Fee	(\$20,000)
Tent Inspection Fee	(9,375)
Sales Tax Exemption Fee	(7,000)
Liquor Manufacturers Duplicate License Fee	(6,000)
Vessel Discharge Decal Elimination	(2,000)
Total	(\$44,375)

- **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: Related to Economic Development

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

- **Reauthorization of Incentives:** Reauthorizes the EOC's incentive programs for an additional year by extending the statutory sunset provisions placed on them from December 31, 2024, to December 31, 2025.
- **Innovate RI Small Business Program:** 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:** 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. The article also establishes grants (up to \$5,000) to defray the costs of applying for patents.

Article 8: Relating to Education

This article modifies the education aid funding formula by limiting the annual growth in the core-instruction amount to the average five-year annual percentage change in the consumer price index, resulting in an education aid increase of \$19.2 million. In FY2025, the increase is capped at 3.87 percent or \$459, providing a per-pupil amount of \$12,335. Under current law, the core amount would be \$12,617. In addition, the article increases the weight for the English Learners (EL) categorical program from 15.0 percent to 25.0 percent, for an increase of \$16.6 million.

The article amends the mandatory school lunch and breakfast programs to require the State to reimburse districts for the difference between the federal reimbursement rate for a free lunch or breakfast versus a reduced-price meal (\$0.8 million).

Article 9: Relating to Health and Human Services

This article modifies current laws governing the Hospital Licensing Fee (HLF) and nursing home payment; Disproportionate Share Hospitals (DSH); the implementation date of the Certified Community Behavioral Health Clinics (CCBHCs); and the annual Medicaid Resolution.

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

- **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”.
- **State- directed payments and Disproportionate Share Hospitals (DSH):** The article amends the DSH program to account for the newly enacted state-directed payment to hospitals, aligns the payments to the November 2023 Caseload Estimating Conference, and shifts the DSH payment from June 15 to June 30 to allow for budget passage.
- **Certified Community Behavioral Health Clinic (CCBHC):** The article moves the deadline for establishing a CCBHC from February 1, 2024, to July 30, 2024, and provides that any change in federal requirements or guidance may delay the implementation.
- **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 EOHHS will seek federal approval for the following changes:
 - Clarification that the “other-direct care” component of the nursing facility per diem may be revised as necessary;
 - To factor in the State-directed payment to hospitals in the base-year uncompensated care used for the DSH payments;
 - Implement the rate increases recommended in the Social and Human Service Programs Review Final Report from the Office of the Health Insurance Commissioner (OHIC) over three years, except for the increase for the Early Intervention services which will be fully implemented in FY2025; and,
 - Empower EOHHS to pursue any changes to the Medicaid program that “promote, increase and enhance service quality, access and cost-effectiveness”.

Article 10: Relating to Leases

This article authorizes a single lease agreement for office space used by the Department of Corrections as a regional parole and probation office. 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 article authorizes the renewal for the Department’s existing lease of the 4,700 square foot property located at 249 Roosevelt Avenue in Pawtucket. The lease’s terms state that the length of the lease is not exceed 5 years and the aggregate base rent is not to exceed a \$533,580 total, nor \$106,716 annually.

Article 11: Relating to Effective Date

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

FY2024 SUPPLEMENTAL***Article 1: 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 an increase of 15.9 FTE positions as compared to the authorized level set in the FY2024 Budget as Enacted.
- Details Community Service Objective (CSO) grant funding recipients and amounts.
- Requires that all unexpended or unencumbered balances relating to the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island, be reappropriated to FY2025. In addition, the Office of the Postsecondary Commissioner shall provide \$7.6 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.
- 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, 2024, 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.
- 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 \$2.4 million from funds previously transferred to the RIIB for the Municipal Infrastructure Matching Grant Pool to the State Controller by June 30, 2024.

Article 2: Relating to the Director of the Department of Health

This article amends RIGL 36-4, entitled “Merit System” and allows the Governor to set the salary of a Director of the Department of Health in 2024.

Article 3: Relating to Effective Date

This article provides that the Act would take upon passage.



DEPARTMENTAL SUMMARIES

Statewide Adjustments

Centralized Services Adjustment

(\$7.2 million)

The Budget decreases general revenue expenditures by \$7.2 million to reflect billed amounts for information technology services, capital asset management and maintenance, and human resources. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

The FY2024 Budget as Enacted includes \$93.5 million in general revenue (\$126.0 million all funds) for centralized services, which is decreased by \$7.2 million in general revenue (\$16.0 million all funds) to \$86.2 million in general revenue (\$110.0 million all funds) in the FY2025 Budget. There is a corresponding decrease of \$8.8 million in federal funds, \$485,830 in restricted receipts, and an increase of \$595,011 in other funds. The table illustrates the adjustments in each agency.

Agency	FY2024 Enacted	FY2025 Governor	Change
BHDDH	\$21,522,912	\$17,358,598	(\$4,164,314)
Board of Elections	126,601	135,377	8,776
Coastal Resources Management Council	24,538	26,388	1,850
Commission on the Deaf & Hard of Hearing	100,695	112,433	11,738
Department of Administration	13,173,086	10,712,212	(2,460,874)
Department of Business Regulation	2,532,588	2,073,020	(459,568)
Department of Children, Youth, and Families	2,404,111	2,654,629	250,518
Department of Corrections	21,021,766	22,299,252	1,277,486
Department of Environmental Management	4,548,248	4,067,831	(480,417)
Department of Health	3,993,631	4,073,837	80,206
Department of Housing	289,968	612,066	322,098
Department of Human Services	8,754,738	7,275,740	(1,478,998)
Department of Labor and Training	1,859,398	1,924,656	65,258
Department of Public Safety	1,863,426	1,992,448	129,022
Department of Revenue	7,491,178	6,955,798	(535,380)
Elementary and Secondary Education	117,004	1,014,644	897,640
Executive Office of Commerce	67,541	54,081	(13,460)
Executive Office of Health and Human Services	1,625,464	710,104	(915,360)
General Assembly	13,173	842	(12,331)
Governor's Commission on Disabilities	34,439	31,341	(3,098)
Historical Preservation and Heritage Commission	253,497	256,457	2,960
Judiciary	25,877	83,860	57,983
Military Staff	78,236	53,763	(24,473)
Office of Attorney General	57,700	57,112	(588)
Office of Lieutenant Governor	58,101	90,660	32,559
Office of Public Defender	16,199	13,704	(2,495)
Office of the Child Advocate	125,323	97,013	(28,310)
Office of the General Treasurer	356,459	315,325	(41,134)
Office of the Governor	199,655	208,974	9,319
Office of the Mental Health Advocate	90,969	69,022	(21,947)
Office of the Postsecondary Commissioner	50,538	204,860	154,322
Rhode Island Atomic Energy Commission	13,597	15,187	1,590
Rhode Island College	(2,312)	-	2,312
Rhode Island Commission for Human Rights	18,756	29,336	10,580
Rhode Island Council on the Arts	86,974	106,810	19,836
Rhode Island Emergency Management Agency	361,210	271,203	(90,007)
Rhode Island Ethics Commission	90,731	248,434	157,703
Secretary of State	7,923	(2,982)	(10,905)
Total	\$93,453,938	\$86,204,035	(\$7,249,903)

ERP Maintenance and Operations Billings

\$2.7 million

The Budget includes a statewide general revenue increase of \$2.7 million for increased costs associated to finance the maintenance and operations of the Enterprise Resource Planning (ERP) system beginning January 1, 2025. ERP is the replacement data management system for the State's decades-old legacy systems for human resources, payroll, grants management, and financial data systems. The current system is outdated, susceptible to various single points of failure, and are at-risk for security breaches, leaving decision makers unable to receive accurate information in a timely manner. The costs to maintain the ERP system are charged per employee to state agencies, and the Budget adjusts agency budgets by providing general revenues to cover these costs. Since the actual ERP billings will not occur until FY2025, the Budget includes an estimate of the projected billings and an estimate for the total number of employees. The Budget

assumes a per filled FTE cost of \$254. That's the \$3.5 million in FY2025 divided by 13,792 assumed filled positions across all state agencies. The following table illustrates the adjustments in each agency.

ERP Maintenance and Operations Billings	FY2024	FY2025 Governor	Change
BHDDH	\$0	\$197,280	\$197,280
Board of Elections	-	3,045	3,045
Coastal Resources Management Council	-	4,908	4,908
Commission on the Deaf & Hard of Hearing	-	761	761
Community College of Rhode Island	-	180,179	180,179
Department of Administration	-	118,689	118,689
Department of Business Regulation	-	28,350	28,350
Department of Children, Youth, and Families	-	121,745	121,745
Department of Corrections	-	335,538	335,538
Department of Environmental Management	-	64,289	64,289
Department of Health	-	37,881	37,881
Department of Housing	-	4,338	4,338
Department of Human Services	-	108,923	108,923
Department of Labor and Training	-	10,994	10,994
Department of Public Safety	-	115,924	115,924
Department of Revenue	-	98,190	98,190
Elementary and Secondary Education	-	61,692	61,692
Executive Office of Commerce	-	4,568	4,568
Executive Office of Health and Human Services	-	21,348	21,348
General Assembly	-	57,843	57,843
Governor's Commission on Disabilities	-	1,269	1,269
Historical Preservation and Heritage Commission	-	2,538	2,538
Judiciary	-	156,215	156,215
Military Staff	-	3,238	3,238
Office of Attorney General	-	53,329	53,329
Office of Lieutenant Governor	-	2,030	2,030
Office of Public Defender	-	24,615	24,615
Office of the Child Advocate	-	2,284	2,284
Office of the General Treasurer	-	4,538	4,538
Office of the Governor	-	9,897	9,897
Office of the Mental Health Advocate	-	1,269	1,269
Office of the Postsecondary Commissioner	-	6,598	6,598
Rhode Island Atomic Energy Commission	-	2,030	2,030
Rhode Island College	-	172,561	172,561
Rhode Island Commission for Human Rights	-	3,553	3,553
Rhode Island Council on the Arts	-	2,284	2,284
Rhode Island Emergency Management Agency	-	2,512	2,512
Rhode Island Ethics Commission	-	3,045	3,045
Secretary of State	-	13,535	13,535
University of Rhode Island	-	620,711	620,711
Total	\$0	\$2,664,536	\$2,664,536

Department of Administration

Expenditures By Program	FY2023	FY2024	FY2024	Change from		FY2025	Change from	
	Actual	Enacted	Governor	Enacted	Enacted	Governor	Enacted	Enacted
Accounts and Control	\$11.3	\$19.8	\$8.1	(\$11.7)	-59.0%	\$8.0	(\$11.8)	-59.6%
Office of Management and Budget	8.7	11.1	19.7	8.6	78.2%	12.8	1.7	15.8%
Capital Asset Management and Maintenance	9.9	12.2	9.9	(2.3)	-18.6%	8.3	(3.9)	-31.7%
Central Management	182.9	111.6	45.9	(65.7)	-58.9%	49.4	(62.2)	-55.7%
Debt Service Payments	190.9	218.1	211.7	(6.4)	-3.0%	198.2	(19.9)	-9.1%
Energy Resources	32.6	47.5	68.2	20.7	43.5%	42.8	(4.7)	-10.0%
General	344.2	224.5	264.3	39.8	17.7%	142.2	(82.3)	-36.7%
Human Resources	0.7	0.9	0.9	(0.0)	-3.9%	0.9	(0.0)	-3.9%
Information Technology	18.3	20.6	28.3	7.7	37.4%	5.4	(15.2)	-73.8%
Legal Services	2.0	2.4	2.4	-	0.0%	2.5	0.1	4.2%
Library and Information Services	3.7	3.5	3.4	(0.1)	-2.9%	3.6	0.1	2.9%
Personnel Appeal Board	0.1	0.1	0.1	-	0.0%	0.2	-	0.0%
Planning	4.3	6.6	6.6	-	0.0%	6.8	0.2	3.0%
Purchasing	4.2	4.9	5.3	0.4	8.2%	5.3	0.4	8.2%
Rhode Island Health Benefits Exchange (HealthSource RI)	31.2	31.9	30.5	(1.4)	-4.4%	30.4	(1.5)	-4.7%
Statewide Personnel and Operations	-	-	5.0	5.0	-	-	-	-
Division of Equity, Diversity, and Inclusion	1.4	2.0	1.8	(0.2)	-10.0%	2.7	0.7	35.0%
Total	\$846.4	\$717.8	\$712.1	(\$5.7)	-0.8%	\$519.4	(\$198.4)	-27.6%
Expenditures By Source								
General Revenue	\$489.8	\$293.8	\$292.4	(\$1.4)	-0.5%	\$227.9	(\$66.0)	-22.5%
Federal Funds	210.1	212.7	183.9	(28.8)	-13.5%	75.1	(137.6)	-64.7%
Restricted Receipts	66.7	48.5	59.4	10.9	22.5%	47.2	(1.3)	-2.7%
Other Funds	79.8	162.8	176.4	13.6	8.4%	169.2	6.5	4.0%
Total	\$846.4	\$717.8	\$712.1	(\$5.7)	-0.8%	\$519.4	(\$198.4)	-27.6%
Authorized FTE Levels	662.7	674.7	674.6	(0.1)	0.0%	683.6	8.9	1.3%

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

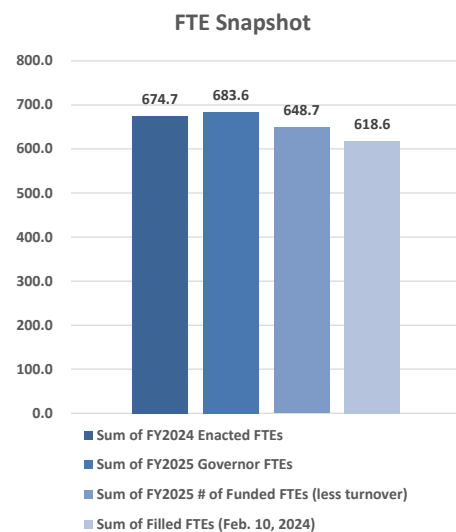
The Department of Administration's primary function is to provide support services to state departments and agencies. The Department of Administration was created to consolidate the finance, purchasing, and management functions of the State. There are 17 sub-programs with specific functions within the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

MAJOR ISSUES AND TRENDS

The FY2024 Revised Budget includes an all funds appropriation of \$712.1 million, reflecting a net decrease of \$5.7 million from the FY2024 Budget as Enacted. General revenues total \$292.4 million and comprise 41.1 percent of the Department's total appropriation.

The Budget includes the reappropriation of \$5.0 million in general revenue 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. The FY2024 Budget as Enacted included language that all unexpended or unencumbered balances relating to the FEMA Contingency Reserve be reappropriated to FY2024.

The FY2025 Budget includes an all funds appropriation of \$519.4 million, reflecting a net decrease of \$198.4 million from the FY2024 Budget as Enacted. General



revenues total \$227.9 million and comprise 43.9 percent of the Department's total appropriation. General revenues decrease by \$65.9 million from the previous fiscal year. The decrease includes the removal of \$35.0 million in general revenue that was used in the previous fiscal year as a one-time transfer from surplus funds to retire existing State debt, and includes significant debt service adjustments such as a \$9.5 million decrease in debt service payment for the Historic Structures Tax Credit, a \$6.1 million decrease for the Central Falls School Project, a decrease of \$3.6 million for the I-195 Land Acquisition debt service, and a decrease of \$404,959 for debt service costs for the Clifford Street (Garrahy) Garage. Lastly, part of the reduction reflects the removal of \$13.0 million in general revenue that was included in the FY2024 Budget as Enacted to capitalize the newly established Large Systems Initiative Fund (LSIF).

The Budget adds 8.9 FTE positions to the department, including 3.0 FTE positions to Accounts and Control to staff the Enterprise Resource Planning project; 3.0 FTE positions to Division of Human Resources; 1.0 FTE position to the Division of Capital Asset Management and Maintenance for a Building Manager position at the Shepard Building; 1.0 FTE position for a Chief Data Officer; and 1.0 FTE position to the Office of Energy Resources to support grant programs. The proposal funds 7.0 FTE position from internal service funds and 2.0 FTE positions funded by restricted receipts. The FTE position increase is offset by a 0.1 FTE reduction.

ACCOUNTS AND CONTROL

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

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

Accounts and Control	General Revenue
FY2024 Enacted	\$5,315,642
<i>Target and Other Adjustments</i>	
Centralized Services (statewide adjustment)	(238,174)
Contract Services	135,000
Personnel Adjustments	122,789
FY2025 Governor	\$5,355,257

Contract Services **\$135,000**

The Budget adds \$135,000 in general revenue for contract services needed within the Risk Management unit to implement corrective actions that the review will bring forward. This added cost is in addition to the \$167,000 in general revenue that was added into the FY2024 Budget as Enacted, and included in the program's base budget, for contract services to perform such items as Ocean State Procures (OSP/RIFANs) testing, federal stimulus award reconciliations, reporting to U.S. Treasury, and fiscal year closing reconciliations of the interfund accounts and other technical accounting issues. Currently, 2.0 FTEs and 2.0 Contractors are necessary to fulfill all operations related to Risk Management.

According to the Department, the two contractors are assisting the state with an overall insurance risk rating to improve our coverages and look for cost reduction (RPA). In addition, the contractors hired using the \$167,000, are assisting with the fiscal closing – as such state resources will be needed for the ERP project plan, technical accounting issues. These are not multi-year contracts, the Department issued RFPs for each service necessary for each year.

Personnel Adjustments**\$122,789**

The Budget increases general revenue by \$122,789 reflecting paygrade increases for three Associate Controller positions from paygrade 43 to a 46, with the increase projected for full the fiscal year. The paygrade 46 is a new position that will go through the public hearing process in March 2024. Also, the personnel cost increase reflects a paygrade change for the Chief Strategic Policy and Procedure position, which will increase from paygrade 43 to 46. That cost increase is also projected for the full fiscal year. Lastly, the remainder of the personnel cost increase reflects various changes to salary and benefit costs due to desk audit increases as well as step increases.

OFFICE OF MANAGEMENT AND BUDGET

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

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

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

Office of Management and Budget	General Revenue
FY2024 Enacted	\$9,431,527
<i>Target and Other Adjustments</i>	
Personnel Adjustments	896,558
Turnover	(466,808)
Operating Adjustments	31,495
Centralized Services (statewide adjustment)	22,607
FY2025 Governor	\$9,915,379
Office of Management and Budget	
Other Fund Changes	
ARPA SFRF: Pandemic Recovery Office (federal funds)	\$1,345,998
ARPA CPF: Administration (federal funds)	484,149

Personnel Adjustments

\$896,558

The Budget includes \$9.1 million in general revenue for salary and benefits. This reflects an increase of \$896,558 from the previously enacted budget. The increase is due to several factors, including the addition of a new position, a cost allocation shift, updates to staffing plans, and statewide medical cost increases. Specifically, the change includes:

- The addition of a 1.0 Deputy Policy Director position, with a salary/benefit cost of \$233,563.
- A source allocation shift of a 1.0 Associate Director (Financial Management) position, with a salary and benefit cost of \$195,416. This position was allocated to SFRF funds sources in FY2024, which is shifted to general revenue in the proposed FY2025 budget to accurately reflect the work of the position.
- General revenue medical benefit adjustments of \$59,904 were made in FY2025 as compared to FY2024.
- Reflects promotions that were not included in the FY2024 Budget as Enacted but have occurred since budget enactment.

Turnover

(\$466,808)

The Budget increases the turnover savings by \$466,808 in general revenue for the Office of Management and Budget (OMB) as compared to the FY2024 Budget as Enacted. According to the Department, the budget recommendation uses a 5.9 percent vacancy rate which is more in line to the historical turnover rate within OMB.

Operating Adjustments

\$31,495

The Budget increases general revenue by \$31,495 for operating adjustments within the Office of Management and Budget, mainly for a bond and notes fees, dues, and office equipment maintenance. The increase also includes \$34,002 for additional staff training resources. These increases are offset by a decrease of \$32,814 for additional staff training resources.

Operating Adjustments	FY2024 Enacted	FY2025 Governor	Change
Fees: Bonds and Notes	\$10,000	\$50,000	\$40,000
Staff Training	60,064	27,250	(32,814)
Dues and Fees	21,971	34,280	12,309
Maintenance/Repairs: Office Equipment	3,100	15,100	12,000
Total	\$95,135	\$126,630	\$31,495

ARPA SFRF Pandemic Recovery Office (federal funds)

\$1.8 million

The Budget includes \$1.8 million in American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) and Capital Project Funds (CPF) in FY2025 to finance the administration and operations of the Pandemic Recovery Office (PRO). This reflects \$1.3 million for the PRO administrative costs and \$484,149 to administer the Capital Projects Fund (CPF) grant from the U. S. Treasury.

Analyst Note: The appropriation for the Pandemic Recovery Office and the associated administrative costs were previously funded under the Accounts and Control program in the FY2024 Budget as Enacted.

CAPITAL ASSET MANAGEMENT AND MAINTENANCE

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

- Planning, Design, and Construction (PDC) manages new construction and rehabilitation projects.

- Facilities Management and Maintenance (OFMM) maintains State facilities.
- Risk Management
- State Fleet Operations administers the purchase, repair, and disposal of state vehicles and operates 15 state fuel depots.

Capital Asset Management and Maintenance	General Revenue
FY2024 Enacted	\$12,161,961
<i>Target and Other Adjustments</i>	1,517
Centralized Services (statewide adjustments)	(2,211,150)
Personnel Adjustments and Cost Shift to RICAP	(1,728,209)
Operating Adjustments	43,610
FY2025 Governor	\$8,267,729

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

The Budget includes \$337,939 in general revenue for personnel costs at DCAMM. This reflects a general revenue net decrease of \$1.7 million as compared to the FY2024 Budget as Enacted. The net decrease is comprised of \$1.9 million in turnover savings offset by an increase of \$192,501 for salary step changes and medical benefit expenses for two FTE positions that are not assigned to capital projects. According to the Department, the \$1.9 million listed as turnover savings, reflects 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. In addition, the FY2025 Budget does not reflect personnel costs in the project costs.

The offsetting \$192,501 increase for personnel costs impacts the DCAMM employees that are non-RICAP project related. In particular, one employee is charged to DCAMM general revenue, but does not work on anything related to Capital Projects and another employee from the Director's Office has a 50.0 percent allocation to DCAMM general revenue for management oversight but does not work directly on Capital projects as a Project Manager.

	FY2024	FY2025	
Personnel Adjustments	Enacted	Governor	Change
Salary	\$1,265,771	\$1,427,777	\$162,006
Benefits	800,377	830,872	30,495
Total	\$2,066,148	\$2,258,649	\$192,501

Operating Adjustments **\$43,610**

The Budget increases general revenue by \$43,610 for operating adjustments within the Capital Asset Management and Maintenance program, mainly attributable for \$20,000 upward shift in computer supplies and equipment, \$13,500 for parking lot rental costs for the Shepard building, and a \$10,000 increase for staff training.

Operating Adjustments	FY2024 Enacted	FY2025 Governor	Change
Computer Supplies/Software & Equipment	\$80,288	\$100,288	\$20,000
Rental of Outside Property	-	13,500	13,500
Staff Training	-	10,000	10,000
All Other Operating Costs	30,881	30,991	110
Total	\$111,169	\$154,779	\$43,610

CENTRAL MANAGEMENT

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

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

Central Management	General Revenue
FY2024 Enacted	\$3,419,152
<i>Target and Other Adjustments</i>	
Federal Lobbying Services	11,953
ERP Maintenance and Operation Billings (statewide adjustments)	180,000
Staff Training	118,689
FY2025 Governor	(\$75,000)

Central Management	Other Fund Changes
ARPA SFRF: COVID-19 Ongoing Response (federal funds)	(\$41,787,709)
CAA21: Emergency Rental Assistance (federal funds)	(25,998,500)
ARPA SFRF: Public Safety Infrastructure (federal funds)	(11,000,000)
ARPA SFRF: Health Care Facilities (federal funds)	10,000,000
ARP ERA: Emergency Rental Assistance (federal funds)	5,000,000
ARPA SFRF: Community Learning Center Grants (federal funds)	2,000,000
ARPA SFRF: Public Health Response Warehouse Support (federal funds)	(621,653)

Federal Lobbying Services ***\$180,000***

The Budget includes \$180,000 in general revenue to fund a federal lobbying services contract. The Department of Administration (DOA), already has a contract for lobbying and advisory services to represent the State before Federal policymakers with the Mayforth Group, but no funding in the budget for this purpose. The Budget includes a recommendation to provide for this purpose. The proposed FY2024 revised budget includes \$90,000 in general revenue to begin paying the lobbying service in the current fiscal year. This proposal was also made last year, but was rejected by the General Assembly.

ERP Maintenance and Operation Billings ***\$118,689***

The Budget adds \$118,689 in general revenue to finance the maintenance and operations of the Enterprise Resource Planning (ERP) system beginning January 1, 2025. ERP is the replacement data management system for the State's decades-old legacy systems for human resources, payroll, grants management, and financial data systems. The current system is outdated, susceptible to various single points of failure, and are at-risk for security breaches, leaving decision makers unable to receive accurate information in a timely manner. The costs to maintain the ERP system are charged per employee to state agencies, and the Budget adjusts agency budgets by providing general revenues to cover these costs. The Department of Administration cost is \$118,689 in FY2025.

Staff Training ***(\$75,000)***

The Budget includes a \$75,000 general revenue decrease in FY2025 for staff training costs to align with historical actual expenses.

ARPA SFRF: COVID-19 Ongoing Response (federal funds) (\$41.8 million)

The Budget removes \$41.8 million in federal funding from the American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) for COVID-19 Ongoing Response activities. 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. The Department of Administration recommends returning the FY2024 appropriation to the SFRF to be reappropriated for other eligible uses. The result is a reduction of \$41.8 million in federal funds, as compared to the previous fiscal year budget.

CAA21 and ARP ERA: Emergency Rent Assistance (federal funds) (\$21.0 million)

The State received two tranches of federal funds for emergency rental assistance. The combined impact in the FY2025 Budget reduces these federal funds by a net \$21.0 million for emergency rent assistance. The State received \$352.0 million from two federal authorizations to provide rent and utility assistance. The Budget includes appropriations of \$5.3 million in FY2024 and \$33.0 million in FY2025.

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

The Budget does not include funding for the Public Safety Infrastructure program resulting in an \$11.0 million reduction in federal ARPA SFRF funding as compared to the FY2024 Budget as Enacted. The Public Safety Infrastructure program was a new initiative to provide matching support to cities and towns to make significant public safety facilities infrastructure improvements including new construction. Funding priority was to be based on project readiness and limited to those for which the total costs exceed \$1.0 million. Matching funds to any municipality would have been limited to \$5.0 million for projects that serve a regional purpose and \$1.0 million for others.

Analyst Note: As of March 19, 2024, there have been no expenditures regarding this FY2024 appropriation. The project was approved by the Pandemic Recovery Office (PRO) on December 27, 2023. Since then, the Department of Administration and OMB held a competitive grant bid, to which municipalities could apply. Nineteen municipalities applied for \$18.9 million of funding. The applications were reviewed by an evaluation committee and nine grant applications were approved for funding. The applicants will be notified and there will be a public announcement of the award winners. Once this occurs, PRO will work with "winning" municipalities to execute grant agreements and all other necessary documentation to begin the funds transfer.

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

The Budget adds \$10.0 million in federal ARPA SFRF funding, derived from repurposed SFRF funds, to continue funding for nursing facilities during the first three months of FY2025, until the new rate changes take effect in October 2024. The Pandemic Recovery Office (PRO) has a preliminary distribution list of the \$10.0 million proposed in the FY2025 budget. However, the list is still under review and has not yet made public.

Analyst Note: The FY2023 Budget as Enacted included \$77.5 million to address ongoing staffing needs of hospitals, nursing facilities and community health centers related to the COVID-19 public health emergency. A total of \$30.0 million of these funds was appropriated and expended on nursing home assistance throughout the State. These funds have been fully expended and the PRO issued the final report on this item. The FY2024 Budget as Enacted did not include further APRA SFRF funding for Health Care Facilities.

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

The Budget includes \$2.0 million in federal ARPA SFRF funds to be distributed as formula grants to municipalities for the Startup of Learn365RI Community Learning Centers, that have been approved for funding through the Community Learning Center Municipal Grant program under the Capital Projects Fund.

According to the Governor's Office, the Pandemic Recovery Office is finalizing \$81.7 million in Coronavirus Capital Projects Fund (CPF), included in the proposed FY2024 Revised Budget for capital funding for 25 plus Community Learning Centers serving nearly 30 municipalities across Rhode Island.

The U. S. Department of the Treasury requires that each recipient of a CPF Community Learning Center grant make a commitment for at least five years of services that jointly and directly enable education, work, and health monitoring. The Governor's FY2025 budget proposes to use \$2.0 million of SFRF funds, to be evenly distributed across the 25 plus Community Learning Centers, to support the programmatic launch of these centers. The Department believes this investment will help to ensure that these programs successfully create highly impactful programming across the state, the sharing of best practices, and related operational startup costs as determined by the local teams.

Analyst Note: The proposed FY2025 Budget does not include further appropriations for the ARPA CPF Municipal and Higher Ed Matching Grant Program. This results in a decrease of \$58.4 million in federal funds from the FY2024 Budget as Enacted and a decrease of \$81.7 million from the proposed FY2024 Revised Budget. No funds have been expended from the project's FY2024 total allocation of \$81.7 million. The Department anticipates the first distribution of funds to occur in the third quarter of FY2024.

ARPA SFRF: Public Health Response Warehouse Support (federal funds)**(\$621,653)**

The Budget includes \$778,347 in federal ARPA SFRF funding from the for the storage of personal protection equipment (PPE) and other necessary COVID-19 response related supplies. This reflects a reduction of \$621,653 from the FY2024 Budget as Enacted.

The FY2024 Budget as Enacted included \$1.4 million in federal ARPA SFRF funding from the for the storage of personal protection equipment (PPE) and other necessary COVID-19 response related supplies. In addition, \$1.6 million was transferred into the account, for a total FY2024 revised appropriation of \$3.0 million. Currently, the State is leasing two warehouses; one is located at 2700 Plainfield Pike, in Cranston, and owned by EIM Plainfield Pike LLC; and the other is located at 100 Higginson Avenue, in Lincoln, and owned by Waterloo Way LLP. As of February 6, 2024, a total of \$765,052 has been expended leaving a balance of \$2.3 million for warehouse lease payments.

The costs of the warehouse, including lease payments, etc., are no longer eligible for FEMA reimbursement at 90.0 percent. The current plan is to use the appropriation to cover the warehouse costs until the funds are exhausted.

DEBT SERVICE

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

Debt Service Payments	General Revenue
FY2024 Enacted	\$182,821,772
<i>Target and Other Adjustments</i>	
General Obligation Bond Changes	6,649,263
Other Debt Service Changes	(19,618,921)
Certificates of Participation (COPs)	(4,614,450)
FY2025 Governor	\$165,237,664

Debt Services Payments	Other Fund Changes
Transportation - Debt Service (other funds)	(\$2,338,480)

General Obligation Bond Changes **\$6.6 million**

The Budget includes \$106.2 million in general revenue to fund the cost of the State's general obligation debt service in FY2025, an increase of \$6.6 million as compared to the FY2024 Budget as Enacted.

General Obligation Bonds	FY2024 Enacted	FY2025 Governor	Change
RI School Buildings	\$14,762,195	\$17,989,916	\$3,227,721
DEM Debt Service - Clean Water Finance Agency	7,857,891	8,929,210	1,071,319
G.O. Bond New Bond Issue Projected Costs	3,891,875	4,883,000	991,125
DOA - Affordable Housing GO Bonds	13,350,880	14,217,169	866,289
All Other G.O. Bond Adjustments	59,718,815	60,211,624	492,809
Total	\$99,581,656	\$106,230,919	\$6,649,263

RI School Buildings: The FY2025 Budget includes \$18.0 million in general revenue debt service for the Rhode Island School Construction bond program. This is an increase of \$3.2 million in general revenue for debt service payments as compared to the FY2024 Budget as Enacted.

The Capital Budget includes \$500.0 million general obligation bond proceeds authorized by voters in November 2018 and November 2022 for the construction, renovation, and rehabilitation of the State's public schools. The bond proceeds fund the foundational school housing aid program and the School Building Authority Capital Fund. Funds from other sources, including local sources, will combine to fund \$1.0 billion in school construction and renovation projects. The Budget includes \$302.0 million in Pre-FY2024 - FY2024 issued general obligation bond proceeds, and \$198.0 million in unissued general obligation bond proceeds from FY2025 – FY2028.

DEM Debt Service – Clean Water Finance Agency: The Clean Water Finance Agency (the former name of the Rhode Island Infrastructure Bank) debt service increase of \$1.0 million in general revenue is attributable to the full issuance of the \$21.0 million in bonds authorized in 2022 (\$16.0 million for Municipal Resiliency and \$5.0 million for Small Business Energy Loan Program).

G. O. Bond New Bond Issuance: The debt service projected for FY2025 includes \$991,125 in general revenue for a projected interest only payment for the FY2025 fall issuance of \$193.3 million in bonds.

DOA – Affordable Housing GO Bonds: The FY2025 Budget includes \$14.2 million in general revenue debt service for the affordable housing bonds. This is an increase of \$866,289 from the FY2024 Budget as Enacted. In March 2021, voters approved \$65.0 million in general obligation bonds (Public Law 2020, Chapter 80) to continue financing investments in affordable housing with issued bonds approved under Public Law 2016, Chapter 142.

The Capital Budget includes issuances of \$8.5 million in FY2023, \$40.5 million in FY2024, \$12.0 million in FY2025 and \$4.0 million in FY2026. The new resources will build upon \$40.0 million in proceeds from the 2016 authorization of general obligation bonds spent pre-FY2024 and FY2024. These investments

support affordable housing opportunity programs through the redevelopment of existing structures and new construction.

In addition, the Capital Budget includes the projected issuance of \$100.0 million in new general obligation housing bonds with an issuance schedule from FY2026 through FY2028.

Other Debt Service Changes **(\$19.6 million)**

The Budget includes \$43.5 million in general revenue for debt service expenses on six items, reflecting a decrease of \$19.6 million from various adjustments from the FY2024 Budget as Enacted. The significant adjustments are \$9.5 million decrease in debt service payment for the Historic Structures Tax Credit, a \$6.1 million decrease for the Central Falls School Project, a decrease of \$3.6 million for the I-195 Land Acquisition debt service, and a decrease of \$404,959 for debt service costs for the Clifford Street (Garrahy) Garage.

Other Debt Service	FY2024 Enacted	FY2025 Governor	Change
Historic Structures Tax Credit	\$19,413,210	\$9,893,357	(\$9,519,853)
Central Falls School Project	13,355,000	7,221,050	(6,133,950)
I-195 Land Acquisition	3,562,125	-	(3,562,125)
Clifford Street (Garrahy) Garage	1,298,298	893,339	(404,959)
Convention Center Authority	24,504,679	24,506,645	1,966
EDC - Fidelity Job Rent Credits	954,054	954,054	-
Total	\$63,087,366	\$43,468,445	(\$19,618,921)

Historic Structures Tax Credit: The FY2009 Budget as Enacted authorized the issuance of \$356.2 million in debt to reimburse State revenues for redeemed historic tax credits. Based on program reviews the full \$356.2 million amount was not required and only \$150.0 million of the debt was issued. The balance is issued as needed in succeeding fiscal years. Based on projections by the Office of Revenue Analysis, a new debt issuance was not required until 2019, which increased the annual debt service cost.

For FY2025, the Budget includes \$9.9 million for the debt service payment, which is \$9.5 million less than the amount included in the FY2024 Budget as Enacted. The total outstanding debt for the Historic Structures Tax Credit is \$39.6 million, of which the remaining principal is \$36.6 million.

Central Falls School Project: The Budget decreases general revenue by \$6.1 million in FY2025 for debt service for the outstanding bonds for the Central Falls School Project. The Local Act 2021 Local Act 107 (2021-S-0951aa), authorized up to \$144.0 million in state-backed appropriation financing, to support the Central Falls Schools Project construction. The FY2024 Budget as Enacted assumed the full authorized bond issuance in 2024 with a projected debt service cost of \$13.4 million. The actual issuance in 2024 was \$93.5 million, thereby lowering the projected debt service to \$7.2 million in both FY2024 and FY2025, resulting in a reduction of \$6.1 million for FY2025. There is a corresponding decrease of \$6.3 million in the FY2024 Revised Budget.

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

I-195 Land Acquisition: The Budget does not include funding for the I-195 Land Acquisition debt service, as the State fully defeased the outstanding principal of \$28.0 million on November 30, 2023. This eliminated the I-195 Land Acquisition debt and decreased general revenue debt service payments by \$3.6 million as compared to the previous fiscal year.

The principal defeased produced an overall general revenue savings of \$7.3 million in outstanding interest payments covering the term from FY2025 to FY2033.

Analyst Note: Total principal issued on the I-195 Land Acquisition was \$37.4 million, and for the first 5-years, the debt service reflected interest-only payments. The principal was amortized over a 20-year period beginning in year 6, with

a balloon payment in year 10. The State had an option at that time to extend the debt an additional 10 years, which the State exercised and extended the loan for an additional 5-years and issued new debt in CY2023 in the amount of \$30.0 million.

Clifford Street (Garrahy) Garage: The Budget includes \$893,339 in general revenue for debt service for the Clifford Street (Garrahy) Parking Garage. This is a decrease of \$404,959 from the previous year. The FY2016 Budget as Enacted authorized the State to enter into an agreement with the Rhode Island Convention Center Authority (Authority) to develop, construct, and operate a parking garage. The resolution authorized the issuance of up to \$45.0 million in debt to fund the design and construction of a parking garage and retail space on state-owned land on the site of the existing Garrahy Courthouse surface parking lot. The State's support of the debt service is offset each year by revenues generated at the garage. In FY2025, the projected debt service is \$3.0 million. This is offset by \$2.1 million in projected parking garage revenue for the year. This results in an adjusted debt service cost of \$893,339. The capital plan projects that beginning FY2026, the full annual debt service could be paid entirely by the parking garage revenues.

Certificates of Participation (COPs)

(\$4.6 million)

The Budget includes \$15.5 million in general revenue to cover the debt service on seven projects financed through certificates of participation (COPs). This reflects a decrease of \$4.6 million from the FY2024 Budget as Enacted.

Certificates of Participation	FY2024 Enacted	FY2025 Governor	Change
COPS - Kent County Courthouse	\$4,612,500	\$0	(\$4,612,500)
COPS - Pastore Hospital Consolidation	1,871,300	1,868,425	(2,875)
COPS - School for the Deaf	2,479,500	2,482,000	2,500
COPS - Traffic Tribunal - Debt Service	1,678,050	1,675,875	(2,175)
COPS - Technology	3,852,375	3,854,000	1,625
COPS - Energy Conservation	1,451,150	1,450,375	(775)
COPS - DCYF Training School	4,207,875	4,207,625	(250)
Total	\$20,152,750	\$15,538,300	(\$4,614,450)

COPS – Kent County Courthouse: The decrease in the COPs debt service in FY2025 reflects the payoff of the COPs issued for the Kent County Courthouse in FY2024. Funds are no longer needed to pay this debt. In 2005, Rhode Island entered into a lease agreement with a financial institution that issued \$58,910,000 in certificates of participation to construct a new Kent County Courthouse in Warwick. In April 2013, the State refunded the outstanding balances on these certificates to achieve debt service savings. As of June 30, 2024, there is no outstanding balance.

Transportation – Debt Service (other funds)

(\$2.3 million)

The FY2025 Budget includes \$31.8 million in other fund debt service for Transportation debt, reflecting a decrease of \$2.3 million in operating transfers from other funds for Transportation – Debt Service. This reflects a decrease in gas tax transfers for debt service.

OFFICE OF ENERGY RESOURCES

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

The Budget includes a new 1.0 Assistant Administrator – Financial Management position to support the implementation of grant programs. Total salary and benefit costs for the new position is \$143,197, of which \$86,655 reflects wages and \$56,542 for benefits. The new position will be funded through Regional Greenhouse Gas Initiative (RGGI) funds and from the System Benefit Charge accounts.

Energy Resources	General Revenue
FY2024 Enacted	\$0
<i>Target and Other Adjustments</i>	
E-Bike Program	500,000
FY2025 Governor	\$500,000

Energy Resources	Other Fund Changes
ARPA SFRF: Electric Heat Pumps (federal funds)	(\$20,000,000)
IRA - Home Efficiency and Electrification Rebate Program (federal funds)	5,480,876
IRA - Home Electrification and Appliance Rebate Program (federal funds)	5,474,541
Regional Greenhouse Gas Initiative (restricted receipts)	4,898,405
RGGI-Executive Climate Change Coordinating Council (restricted receipts)	(4,100,000)
Energy Improvements in Rhode Island Schools (federal funds)	1,501,498
BIL - Energy Efficiency and Conservation Block Grant Program (federal funds)	649,507
School Lighting Accelerator - RIDE/SBA (restricted receipts)	500,000
Bipartisan Infrastructure Law - SEP (federal funds)	371,570
National Electric Vehicle Infrastructure Formula Program (other funds)	64,322

E-Bike Program **\$500,000**

The Budget allocates \$500,000 in general revenue to maintain the Erika Niedowski Memorial E-Bike Rebate Program. The Governor intends that this will become an annual appropriation to the E-bike Rebate Program. 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.

OER states that without this general revenue appropriation, the E-Bike rebate program would exhaust current funding by April 2024, but projects that an additional \$500,000 appropriation in general revenue will support rebates for approximately 1,000 additional e-bikes in FY2025. Initial funding for the program was derived from the federal State Energy Plan program and from the Executive Climate Change Coordinating Council (EC4).

As of January 11, 2024, the program awarded 975 rebates using \$693,931 in existing funding sources, including OER Federal Funds (State Energy Funds and Petroleum Violation Escrow Funds), however, federal funding ran out in July 2023. The Executive Climate Change Coordinating Council (EC4) provided one-time funding in the interim and is not guaranteed moving forward.

Rebate Type	Total Awards	Rebate Amounts	Balance of Funding
Income-Qualified	410	\$456,078	\$28,485
Standard	565	237,853	20,688
Total	975	\$693,931	\$49,173

ARPA SFRF: Electric Heat Pumps (federal funds) **(\$20.0 million)**

The Budget decreases federal funds by \$20.0 million, reflecting no additional appropriation of these ARPA SFRF Funds in FY2025. The FY2024 Budget as Enacted allocated \$20.0 million in ARPA SFRF, an increase of \$15.0 million from the FY2023 Budget as Enacted, to support a grant program within the Office of Energy Resources to assist homeowners and small business owners in purchasing and installing high-efficiency electric heat pumps.

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

The Clean Heat RI Program administered by Abode Energy Management, an energy management firm. The program launched on September 5, 2023. OER posts results on a website dashboard (i.e.: number of applications approved, geographic distribution of the grants awarded) on a monthly basis that began in October 2023.

Incentive Type	Paid	Reserved
Residential	747 \$1,981,566	146 \$435,343
Income Eligible	6 108,805	2 49,398
Commercial	4 126,095	16 360,405
Total	757 \$2,216,466	164 \$845,146

Source: Clean Heat RI Statistics Oct 2023 - Jan 2024

As of January 2024, the program has issued 757 residential, income eligible, and commercial rebate payments totaling \$2.2 million and 164 applications in reserve (projects in design phase but the rebate has not yet been issued) with a total rebate estimate of \$845,146.

IRA - Home Efficiency and Electrification Rebate Program (federal funds) \$5.5 million

The State of Rhode Island will receive approximately \$32.0 million for the federal Inflation Reduction Act (IRA) Home Efficiency and Electrification Rebate (HEER) program. The goal of the rebate program is to increase the energy efficiency in homes thereby decreasing residential energy bills and carbon emissions. The HEER program will provide rebates to customers undergoing home energy improvements that are modeled to reduce energy use by a minimum of 20.0 percent. There is a corresponding increase of \$5.5 million in the proposed FY2024 Revised Budget.

The Budget includes \$5.5 million in federal funds reflecting early administrative funding received in the Summer of 2023 to allow states to ramp up the program. The full application will be submitted in the first or second quarter of 2024. The full launch of the program is expected in the Summer of 2024.

IRA - Home Electrification and Appliance Rebate Program (federal funds) \$5.5 million

The State of Rhode Island will receive approximately \$31.0 million for the federal Inflation Reduction Act (IRA) Home Electrification and Appliance Rebates (HEAR) program. The goal of the rebate program is to increase the energy efficiency in homes thereby decreasing residential energy bills and carbon emissions. The HEAR program is income-restricted and will provide rebates on home electrification upgrades. The Office of Energy Resources is currently underway with developing implementation plans for the HEAR program.

The Budget includes \$5.5 million in federal funds reflecting early administrative funding received in the Summer of 2023 to allow states to ramp up the program. The full application will be submitted in the first or second quarter of 2024 and the full launch of the program is expected in the Summer of 2024. There is a corresponding increase of \$5.5 million in the proposed FY2024 Revised Budget.

Regional Greenhouse Gas Initiative (restricted receipts) \$4.9 million

The Budget includes \$20.4 million in restricted receipts for grant awards, personnel, and operating support as part of the Regional Greenhouse Gas Initiative (RGGI). This reflects a net increase of \$4.9 million as compared to the FY2024 Budget as Enacted.

The Budget provides an increase of \$5.1 million for awards that fund a variety of consumer benefit programs, including energy efficiency, renewable energy, direct energy bill assistance and other greenhouse

gas reduction programs. This increase for awards is offset by a decrease of \$176,595 reflecting personnel, contracted services, operating, and capital expenditure adjustments.

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

RGGI - Executive Climate Change Coordinating Council (restricted receipts) (\$4.1 million)

The Budget includes \$400,000 in restricted receipts for the Executive Climate Change Coordinating Council (EC4) restricted receipt account. This reflects a decrease of \$4.1 million from the FY2024 Budget as Enacted.

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

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

Energy Improvements in Rhode Island Schools (federal funds) \$1.5 million

The Budget includes \$1.5 million in earmarked federal funds received in the Summer of 2023 to assist school districts within five disadvantage communities implement energy efficiency measures. There is a corresponding increase of \$501,666 in the proposed FY2024 Revised Budget.

BIL - Energy Efficiency and Conservation Block Grant Program (federal funds) \$649,507

The Budget adds \$649,507 in federal funds reflecting a new program received by the Office of Energy Resources (OER), through the U.S. Department of Energy (DOE) and the Bipartisan Infrastructure Law (BIL). The funds will be made available to municipalities using a formula funding process to 29 municipalities for energy efficiency measures and electric vehicle infrastructure to support the reduction of fossil fuel emissions, reduction of total energy use in communities, improve efficiency of facilities, and contribute to the growth of the clean energy economy. There is a corresponding increase of \$949,096 in the proposed FY2024 Revised Budget.

Municipality	Total Award	Municipality	Total Award
Barrington	\$39,490	Narragansett	33,456
Bristol	51,783	New Shoreham	3,246
Burrillville	37,199	Newport	129,720
Central Falls	123,781	North Kingstown	135,635
Charlestown	18,411	North Smithfield	28,980
East Greenwich	32,949	Portsmouth	41,143
Exeter	14,872	Richmond	18,464
Foster	10,289	Scituate	23,906
Glocester	22,962	Smithfield	50,920
Hopkinton	19,334	Tiverton	37,662
Jamestown	12,798	Warren	97,453
Johnston	68,072	West Greenwich	15,029
Lincoln	51,866	West Warwick	143,186
Little Compton	8,325	Westerly	125,567
Middletown	111,100	Total	\$1,507,598

Analyst Note: There are 10 communities receiving \$1.1 million in Direct Pay EECBG award allocation directly from Department of Energy and not through OER.

School Lighting Accelerator - RIDE/SBA (restricted receipts)

\$500,000

The Budget adds \$500,000 in restricted receipts for a new School Lighting Accelerator Program that extends the Office of Energy Resources work in converting school buildings to LED lighting with controls. The program provides technical assistance, procurement support, implementation oversight, and financial incentives to the State's public schools to accelerate the transition to LED lighting with controls. These LED lighting projects can provide immediate energy consumption and cost reductions; shrink public sector carbon footprints; support clean energy jobs; and improve the quality of lighting in classrooms. The program is being supported through Regional Greenhouse Gas Initiative (RGGI) auction proceeds. There is a corresponding increase of \$500,000 in the proposed FY2024 Revised Budget.

Bipartisan Infrastructure Law - SEP (federal funds)

\$371,570

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

In June 2022 the Office of Energy Resources (OER) received initial State Energy Program (SEP) formula funding (\$700,000 for FY2023) to meet the IIJA requirement to update the State's Energy Security Plan. The State Energy Security Plan (SESP) is a data collection and assessment effort related to the state's energy resources, infrastructure and vulnerability matters, including our delivered fuels (gasoline, diesel, jet fuel, heating oil) terminals within the Narragansett Bay. All State Energy Offices across the country are working on their SESP, per the federal infrastructure law. Rhode Island last completed a SESP in the 2011-2012 period.

OER received the full federal award of \$3.2 million. Actual expenditure of the funds has been \$84,615 in FY2023 and the FY2024 Budget as Enacted included \$1.0 million. The FY2025 Budget includes \$1.4 million, reflecting an increase of \$371,570 more than what was appropriated in the previous fiscal year. The remainder of the funds will be budgeted in out-years based on the timelines of the studies and reports. OER will be requesting approval from DOE to use a large sum of the funding to offset the cost of electric vehicles within the State fleet. Funding will also be used to hire staff to implement all the Bipartisan Infrastructure Funding.

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

National Electric Vehicle Infrastructure Formula Program (other funds)**\$64,322**

The Budget includes \$4.1 million in other funds reflecting an increase of \$64,322 as compared to the FY2024 Budget as Enacted. This is an operating transfer of federal funds awards to the State under the National Electric Vehicle Infrastructure Formula Program (NEVI Formula), to provide funding to strategically deploy electric vehicle (EV) charging infrastructure and to establish an interconnected network to facilitate data collection, access, and reliability.

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

GENERAL

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

General	General Revenue
FY2024 Enacted	\$49,439,631
<i>Target and Other Adjustments</i>	
Defeasance of Existing Debt	-
Tort Awards	(35,000,000)
Retirement Contributions	675,000
Library Construction Aid	510,405
City Year - Whole School Whole Child Program	323,502
	(130,000)
FY2025 Governor	\$15,818,538

General	Other Fund Changes
ARPA CPF: Municipal and Higher Ed Matching Grant Program (federal funds)	(\$58,360,065)
ERP Maintenance and Operations (restricted receipts)	300,000

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

The Budget removes \$35.0 million in general revenue that was used in the previous fiscal year as a one-time transfer from surplus funds to retire existing State debt. On November 30, 2023, the State established an escrow account to defease \$41.3 million in debt, using the \$35.0 million appropriated in the FY2024 Budget as Enacted. The defeased bonds included \$29.0 million in I-195 Redevelopment District Bonds. According to the State Budget Office, the defeasance generated \$52.6 million in savings, for an average savings of \$5.8 million over a 9-year period.

Tort Awards**\$675,000**

The Budget includes \$1.4 million in general revenue for court tort awards, an increase of \$675,000 from the FY2024 Budget as Enacted. Funding in the tort account is used to pay for tort/court award judgments against the State of Rhode Island. According to the Department of Administration, “the requested increase is contingency for possible increases, as there are often substantial increases above the budgeted amount.” However, the Department does not have further details regarding potential awards. The State’s RIFANs accounting lists total expenditures of \$621,547 as of February 1, 2024.

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2024	FY2025		
Torts - Court Awards	Actual	Actual	Actual	Actual	Actual	Actual	Enacted	Governor	Change	Governor	Change
Taxable Claims/Settlements	\$300,000	\$254,973	\$355,000	\$504,116	\$940,130	\$389,681	\$675,000	\$1,500,000	\$825,000	\$1,350,000	\$675,000

In addition, there is an increase of \$825,000 in general revenue for tort awards in the FY2024 Revised Budget, as a contingency to cover the cost of additional potential awards in FY2024.

Retirement Contributions

\$510,405

The Budget adds \$510,405 in general revenue for additional retirement contributions into the state retirement fund pursuant to RIGL 36-10-2(e)(1) for state employees and RIGL 36-10-2(e)(2) for the state share for teachers. RIGL requires the Governor in proposing the budget, to include an appropriation equal to twenty percent (20%) of the proposed savings occurring in the employer contributions for State employees and for the State's share of the teacher contributions.

Retirement Contributions	FY2024	FY2025	
	Enacted	Governor	Change
Retirement Contribution (State Employees)	\$0	\$167,072	\$167,072
Retirement Contribution (State Share for Teachers)	-	343,333	343,333
Total	\$0	\$510,405	\$510,405

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

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

Analyst Note: This type of additional retirement payment under 36-10-2 occurred under the 2015 Actuarial Valuation. Because the FY2018 contribution rate for both the State Employees and the State share for Teachers was lower than the rates for FY2017 after reflecting the Article 21 benefit enhancements, an estimated appropriation of approximately \$820,000 (\$693,000 for State Employees and \$127,000 for Teachers) was required.

Library Construction Aid

\$323,502

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

For FY2025, the Budget includes \$2.2 million, an increase of \$323,502 from the FY2024 Budget as Enacted. The increase reflects net adjustments to seven library reimbursements and the addition of reimbursement for Jamestown and Narragansett.

PUBLIC LIBRARY CONSTRUCTION REIMBURSEMENT PAYMENTS FY 2023-2025

Signed Agreements	FY2023	FY2024	FY2025	Change
Barrington*	\$105,517	\$103,483	\$101,450	(\$2,033)
Bristol	293,894	295,094	295,894	800
Burrillville	224,427	216,899	209,304	(7,596)
Cumberland	28,756	32,062	-	(32,062)
East Greenwich	47,177	110,165	-	(110,165)
East Providence (Riverside)	52,009	50,028	-	(50,028)
Jamestown	-	-	209,237	209,237
Narragansett	-	-	321,658	321,658
Providence Public**	560,811	560,811	560,811	-
Tiverton	293,314	287,007	280,700	(6,307)
Westerly**	253,767	253,767	253,767	-
TOTAL	\$1,859,673	\$1,909,317	\$2,232,820	\$323,503

Source: Office of Library & Information Services

Totals may vary due to rounding

*Payments are made directly to the library.

** Payment is split between the library and the town.

Prepared by the Office of Library & Information Services, August 1, 2023

Analyst Note: Projects in Narragansett and Jamestown have just been completed and need to be audited. The placeholder numbers represent our best estimate of the maximum reimbursement payment.

City Year - Whole School Whole Child Program**(\$130,000)**

The Budget shifts \$130,000 in general revenue for the community service objective (CSO) to City Year - Whole School Whole Child Program from the Department of Administration to the Comprehensive Education Strategy program at Elementary and Secondary Education (RIDE). The CSO to City Year was shifted from the Department to RIDE because the Department does not possess educational expertise. In addition, the CSO award does not relate to the Department's mission. City Year helps students and schools succeed by delivering holistic support to students, classrooms and the whole school.

ARPA CPF: Municipal and Higher Education Matching Grant (federal funds)**(\$58.4 million)**

The Budget decreases federal funds by \$58.4 million, reflecting no additional appropriation of these ARPA Capital Project Funds (CPF) in FY2025. The FY2024 Budget as Enacted included these funds, of which \$35.0 million was added from repurposed ARPA Capital Project Funds (CPF) originally planned for the construction of a Student Services Center at Rhode Island College, to the ARPA CPF Municipal and Higher Ed Matching Grant Program, to renovate or construct community wellness centers that meet the U. S. Treasury's guidance for workforce development, education, and health maintenance.

Analyst Note: The FY2024 Revised Budget includes \$81.7 million in federal ARPA funds for the ARPA CPF Municipal and Higher Ed Matching Grant Program, reflecting an increase of \$23.4 million from other unspent ARPA Capital Project Funds. No funds have been expended from the project's FY2024 total allocation of \$81.7 million. The Department anticipates the first distribution of funds to occur in the third quarter of FY2024.

ERP Maintenance and Operations (restricted receipts)**\$300,000**

The Budget includes \$300,000 in restricted receipts for contractors/management consultants to assist with Enterprise Resource Planning (ERP) implementation to support the rollout, operation, and maintenance of the new ERP project.

Analyst Note: According to the Budget Office, the \$300,000 in restricted receipts for ERP maintenance and operating was inadvertently included in the Governor's budget recommendation, left over from the agency's request. An upcoming amendment will likely remove these funds.

HUMAN RESOURCES

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

Human Resources	General Revenue
FY2024 Enacted	\$937,996
<hr/>	
<i>Target and Other Adjustments</i>	5,672
FY2025 Governor	\$943,668

INFORMATION TECHNOLOGY

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

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

Information Technology	General Revenue
FY2024 Enacted	\$14,221,340
<hr/>	
<i>Target and Other Adjustments</i>	-
Large Systems Initiatives Fund Capitalization	(13,000,000)
State and Local Cybersecurity Grant Program	1,116,807
Homeland Security - State Match	(500,000)
Artificial Intelligence Cybersecurity Task Force	150,000
FY2025 Governor	\$1,988,147

Information Technology	Other Fund Changes
Information Technology Restricted Receipt Account (restricted receipts)	(\$2,953,651)
Large Systems Initiative Fund (internal service funds)	Informational

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

The Budget reflects a reduction of \$13.0 million in general revenue that was included in the FY2024 Budget as Enacted to capitalize the newly established Large Systems Initiative Fund (LSIF) for the purpose of implementing and maintaining enterprise-wide software projects, in order to better account for appropriations versus expenditures on the State's financial statements and to facilitate federal participation in large information technology projects. The Budget does not include a further capitalization, resulting in the \$13.0 million reduction.

State and Local Cybersecurity Grant Program **\$1.1 million**

The Budget includes \$1.1 million in general revenue to support the state match for \$4.5 million in federal funds, associated with the Federal Government's State and Local Cybersecurity Grant Program. The federal grant has a scaled State matching requirement over four federal fiscal years. The federal awards are authorized under H.R. 3684 Infrastructure and Jobs Act (IIJA) passed by the federal government in

CY2021. Through the IJJA, Rhode Island will receive federal grant funding over four years to improve the cybersecurity maturity across state and local government. The state must ensure that 80.0 percent of federal funds are passed through or otherwise benefit local entities. There is a corresponding appropriation of \$250,000 in general revenue in the FY2024 Revised Budget for the state match of the FFY2022 federal award.

FFY	Federal Award	Federal Cost	RI Cost Share	Total	State FY
2022	\$2,190,484	90%	\$243,387	\$2,433,871	2024
2023	4,467,229	80%	1,116,807	5,584,036	2025
2024	3,250,000	70%	1,392,857	4,642,857	2026
2025	1,100,000	60%	733,333	1,833,333	2027

Homeland Security – State Match

(\$500,000)

The Budget removes \$500,000 in general revenue for the State match associated with the federal government's State and Local Cybersecurity Grant Program authorized under H.R.3684 - Infrastructure and Jobs Act, Subtitle B - State and Local Cybersecurity Improvement Act, Sec. 70612 State and Local Cybersecurity Grant Program. The State will be receiving federal grant funding over four years to improve the cybersecurity maturity across State and local government and the required State match is now appropriated under the State and Local Cybersecurity Grant Program.

Artificial Intelligence Cybersecurity Task Force

\$150,000

The Budget includes \$150,000 in general revenue to support an Artificial Intelligence Cybersecurity Task Force, which will include leaders from government, education, and industry, and be staffed by academic leaders in the artificial intelligence field. The aim of the Task Force is to identify short-term and long-term actions and efforts to leverage artificial intelligence capabilities while minimizing risks to the public and private sectors. The Governor's budget recommendation assumes that the remaining \$150,000 of the requested \$300,000 will be supported by Information Technology Restricted Receipt account funds.

Information Technology Restricted Receipt Account (restricted receipts)

(\$3.0 million)

The Budget includes \$3.4 million in restricted receipts for the Information Technology Restricted Receipt Account (ITRR), formerly known as the Information Technology Investment Fund (ITIF), is a restricted receipt account for the State's technology initiatives and improvement projects. This reflects a decrease of \$3.0 million in restricted receipts from the FY2024 Budget as Enacted. The Fund is a restricted receipt account for the State's technology initiatives and improvement projects.

- The FY2015 Budget as Enacted authorized the Tobacco Settlement Financing Trust to transfer an estimated \$10.0 million to the ITIF from proceeds of the recent issuance of bonds by the Tobacco Settlement Financing Corporation. The ITIF derives funding through the sale of state property, as well as from three additional sources.
- In FY2015, 10.0 percent of the \$1.00 surcharge levied on each residence and business telephone line collected to support the E-911 Uniform Emergency Telephone System is deposited into the ITIF, but this was repealed under Article 2 of the FY2020 Budget as Enacted and replaced with a new revenue source derived from 10.0 percent of a \$0.50 fee imposed on land-lines and 10.0 percent of the \$0.75 fee imposed on wireless phone lines. The surcharge change is projected to provide the technology investment fund \$1.0 million annually.
- Article 4 of the FY2018 Budget as Enacted established a \$1.50 surcharge on every DMV fee transaction. This surcharge revenue is deposited into the State's Information Technology Infrastructure Fund (ITIF). Funds generated through the surcharge are specifically used to pay the original and ongoing costs associated with the DMV's information technology system, known as the Rhode Island Modernization System, or RIMS.

- Article 7 of the FY2019 Budget as Enacted authorized a tiered set of fees for individuals to obtain copies of certain vital records. The fees established are \$5 for mail-in certified records, \$3 for duplicate certified records, and \$2 for walk-in requests for certified records requests. The revenue generated from these fees are deposited into the Information Technology Infrastructure Fund. The proposal projects to generate \$350,351 annually.
- Article 7 of the FY2020 Budget as Enacted made several changes related to the technology surcharge. The surcharge is increased by \$1.00, for a total of \$2.50 per DMV fee transaction. Revenue from the increase is to be deposited in a new restricted receipt within the DMV to pay for IT project-related payments and/or ongoing maintenance of and enhancements to the DMV's computer system. The remaining \$1.50 is deposited into the ITIF. The article removes the existing sunset and shifts the remaining \$1.50 from the ITIF to the DMV account beginning on July 1, 2022. Based on DOR projections, \$4.2 million in surcharge revenue, inclusive of the fee increase, will be generated in FY2020. The ITIF will receive \$2.5 million of this revenue and \$1.7 million will be deposited into the DMV restricted receipt account.
- Article 5 of the FY2022 Budget as Enacted requires that \$50.0 million of the total amount available in the Information Technology Investment Fund (ITIF) as of July 1, 2021, be made available to for a new Enterprise Resource Planning System (ERPS) for human resources, information systems, payroll, and financial management; and requires that \$17.0 million of the total amount available in the Information Technology Investment Fund (ITIF) as of July 1, 2021, be made available to replace the Department of Children, Youth, and Families' case management information system.
- Article 7 of the FY2023 Budget as Enacted providing revisions to the FY2022 Budget, requires that \$50.0 million in restricted receipts from the Information Technology Investment Fund be used for the development and implementation of an Enterprise Resource Planning System and \$17.0 million be available to replace the Department of Children, Youth, and Families' case management information system.
- Article 1 of the FY2023 Budget as Enacted requires that \$22.4 million in restricted receipts from the Information Technology Investment Fund be used for the development and implementation of an electronic medical records system for the state hospitals, \$19.4 million be available for the replacement and modernization of the Legacy mainframe system in the Department of Labor and Training, \$6.7 million for RIBridges Mobile and Childcare Tracking, \$2.5 million for Blockchain Digital Identity, \$2.2 million to support implementation of the Enterprise Resource Planning System, \$5.8 million for the Department of Environmental Management's online permit and licensing system for fish and wildlife, commercial fishing and boating registrations, \$3.3 million for Wi-Fi and Technology at the Adult Correctional Institutions, and \$2.3 million for the tax modernization system.
- Article 2 of the FY2024 Budget as Enacted established the Large Systems Initiative Fund (LSIF) as well as changed the name of the Information Technology Investment Fund to the Investment Technology Restricted Receipt Account. In addition, Article 1 of the enacted budget required the State Controller to transfer \$115.0 million from the Information Technology Restricted Receipt account to the Large Systems Initiatives Fund by July 14, 2023. These funds reflected balances in the Fund that were previous appropriations to capitalize the ITIF in FY2021 and FY2022.

Large Systems Initiative Fund (internal service funds)

Informational

The FY2024 Budget as Enacted established a new Large Systems Initiative Fund (LSIF) similar to the current Information Technology Investment Fund (ITIF) for the purpose of implementing and maintaining enterprise-wide software projects, in order to better account for appropriations versus expenditures on the State's financial statements and to facilitate federal participation in large information technology projects. The cost of enterprise IT projects may be allocated to federal funds provided that the allocation is in proportion to the support it provides to federally funded activities. For a capital development project,

however, the costs may only be charged to a federal fund after the project is completed and placed in service. Then, the value of the asset is amortized over the life of the of the equipment with federal funds used to pay the depreciation of the product that is used in proportion with the federal fund use of the product.

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

The FY2024 Budget transferred \$115.0 million from the ITRR account to the Large Systems Initiative Fund (LSIF), by July 14, 2023. These funds reflect balances in the Fund that were previous appropriations to capitalize the ITRR (ITIF) in FY2021 and FY2022.

In addition, the FY2024 Budget as Enacted included a \$13.0 million general revenue appropriation for the Large Systems Initiative Fund (LSIF), of which, \$8.0 million for the Comprehensive Child Welfare Information System (CCWIS) information technology project; and \$5.0 million to support the new Gateway to Government initiative that expands the Digital Government Pilot Program in the Department of Business Regulation. The LSIF is an internal service fund within the Department of Administration.

The Budget includes an ISF appropriation of \$32.5 million in FY2024 and \$50.1 million in FY2025 for eight listed projects. The following table illustrates the project and funding amounts covering FY2024 through FY2028.

Large Systems Initiative Fund	FY2024	FY2025	FY2026	FY2027	FY2028
Comprehensive Child Welfare Information System	\$0	\$6,451,088	\$6,935,663	\$10,752,858	\$0
DEM Legacy Modernization	3,760,000	410,000	1,042,500	-	-
DLT Mainframe Legacy Modernization	1,550,000	6,450,000	9,450,000	1,622,581	-
Electronic Medical Records System	1,240,000	7,960,000	5,772,591	4,000,000	3,400,000
Enterprise Resource Planning	17,171,746	24,523,514	-	-	-
Gateway to Government	3,600,000	1,800,000	2,100,000	-	-
RI Bridges Mobile Access and Child Care Tracking	2,089,319	2,455,669	-	-	-
Wi-Fi and Tech at the ACI	3,075,773	50,000	-	-	-
Total	\$32,486,838	\$50,100,271	\$25,300,754	\$16,375,439	\$3,400,000

Source: FY2025 Capital Budget (Digital Version)

- **DCYF RICHIST Project:** The Budget includes \$6.4 million in internal service funds to replace the Department of Children, Youth, and Families' case management system, RICHIST.
- **DEM Legacy Modernization:** The current permit application and license tracking and processing systems are built on obsolete technology that do not allow electronic submission of applications, e-transactions, or efficient workflow management. These permitting and licensing processes are critical to the completion of needed infrastructure investments, land development activities, commercial fishing and the state's economic recovery.
- **DLT Mainframe Legacy Modernization:** The Budget includes \$6.5 million in internal service funds for the replacement and modernization of the Employer Tax, Temporary Disability Insurance (TDI), Business Federal Account Reporting, Mainframe Retirement, and Workforce Regulations and Safety systems.
- **Electronic Medical Records System:** The Budget includes \$8.0 million in internal service funds to implement the Hospital Information System (HIS) with an Electronic Medical Records (EMR) component. The HIS EMR system will improve patient care through electronic capturing and tracking of patient data, eliminate manual transcriptions and paper file storage, and will better enable evidence-based health care decisions.

- **Enterprise Resource Planning (ERP):** The Budget includes \$24.5 million in internal service funds to modernize the State’s decades-old legacy systems for human resources, payroll, grants management, and financial data systems. The current system is outdated, susceptible to various single points of failure, and are at-risk for security breaches, leaving decision makers unable to receive accurate information in a timely manner.
- **Gateway to Government:** The Budget includes \$1.8 million in internal service funds to support the Gateway to Government initiative, an expansion of the digital government pilot program of the Department of Business and Regulation. The purpose of this initiative is to transition licensing processes toward a single paperless platform housing digital identities and credentialing information.
- **RI Bridges Mobile Access and Child Care Tracking:** This project expands the existing HealthyRhode application to improve constituent access to their benefits including self-service capabilities to submit information through HealthyRhode. It will also enhance the current RI Bridges childcare attendance tracking to reduce administrative burden for childcare providers, enhance the department’s ability to report on enrollment and attendance and reduce the time needed for DHS to process childcare payroll.
- **Wi-Fi and Tech at the ACI:** This purpose of this project is to upgrade the networking infrastructure at RIDOC. It involves adding WiFi and upgrading the networks to allow uniformed staff to use iPads and tablets in the facilities. Additionally, end-of-life equipment needs to be upgraded for the production network within the Department. RIDOC will also set up WiFi access and upgrade the education network in each classroom to allow offenders to access programs, self-help, and college courses.

LEGAL SERVICES

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

Legal Services	General Revenue
FY2024 Enacted	\$2,440,410
<i>Target and Other Adjustments</i>	
Personnel Adjustments	(8,750)
Centralized Services (statewide adjustment)	41,776
	18,158
FY2025 Governor	\$2,491,594

Personnel Adjustments

\$41,776

The Budget includes \$2.2 million in general revenue for personnel expenses. This reflects a net increase of \$41,776, comprised of a \$75,600 increase for salaries and \$3,970 for benefits, offset by turnover savings of \$37,794. The increase in salary and benefits is the result of pay grade changes provided to three positions: Administrative and Legal Support Services Administrator, Administrator of Adjudication, and Chief Legal Counsel – Litigation. The Department increased the turnover by using approximately 2.5 percent of the total projected salaries as a base.

LIBRARY AND INFORMATION SERVICES

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

Library and Information Services	General Revenue
FY2024 Enacted	\$1,903,636
<i>Target and Other Adjustments</i>	7,969
Interlibrary Delivery System	31,672
Centralized Services (statewide adjustment)	6,210
FY2025 Governor	\$1,949,487

Interlibrary Delivery System **\$31,672**

The Budget includes an increase of \$31,672 in general revenue for the Interlibrary Delivery System as compared to the previous year. The Interlibrary Delivery System is a service provided to members of the Library of Rhode Island (LORI) network for interlibrary loan and other resource sharing activities. RIGL 29-6-9 requires that the Office of Library and Information Services fund the Interlibrary Delivery System in its entirety. There is a corresponding increase of \$30,000 in federal funds for the same purpose.

PERSONNEL APPEAL BOARD

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

Personnel Appeal Board	General Revenue
FY2024 Enacted	\$100,881
<i>Target and Other Adjustments</i>	-
Personnel Adjustments	58,409
FY2025 Governor	\$159,290

Personnel Adjustments **\$58,409**

The Budget increases general revenue by \$58,409 largely reflecting a correction in the allocation of personnel expenses between two of the Department's programs, DCAMM general revenue account and the Personnel Appeal Board program. The correction adjusts the employee's personnel expenses so that the cost is split 50.0 percent DCAMM general revenue and 50.0 percent Personnel Appeal Board.

PERSONNEL AND OPERATIONAL REFORMS

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

Personnel and Operational Reforms	General Revenue
FY2024 Enacted	\$0
<i>Target and Other Adjustments</i>	-
FY2025 Governor	\$0

PLANNING

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

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

Planning	General Revenue
FY2024 Enacted	\$1,138,335
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<i>Target and Other Adjustments</i>	<i>(12,585)</i>
Contracted Audit	50,000
FY2025 Governor	\$1,175,750

Contracted Audit

\$50,000

The Budget adds \$50,000 in general revenue for accounting/auditing services. This funding is for the Water Resources Board (WRB) to conduct an audit for water use fees. The audit is necessary to ensure that the surcharge being paid to the state by the 29 water suppliers who collect it (as required) is accurately assessed and paid. Originally, this surcharge (57.0 percent of the 2.92 cents per hundred gallons) was directed to operating and capital expenditures for the WRB in a restricted receipt account. With changes to restricted receipt accounts statewide, the surcharge was shifted to the General Fund. The WRB/Division of Statewide Planning records and verifies the surcharge remittances, which generate approximately \$4.2 million annually to the General Fund.

The last completed audit was in August 2018, and was for the respective suppliers billing cycles in 2014, 2015, and 2016 and was done through the Office of Internal Audits at a cost of \$18,000 for 30 suppliers (3 years for each supplier). This audit is estimated to cost approximately \$50,000. It will cover the period of 2017 through 2023 (7 years) for 29 suppliers.

PURCHASING

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

Purchasing	General Revenue
FY2024 Enacted	\$3,868,405
<i>Target and Other Adjustments</i>	
Personnel Adjustments	412,073
Centralized Services (statewide adjustments)	(48,186)
FY2025 Governor	\$4,232,292

Personnel Adjustments **\$412,073**

The Budget includes \$3.7 million in general revenue for personnel expenses within Purchasing. This is a net increase of \$412,073 as compared to the FY2024 Budget as Enacted. The increase consists of \$232,355 for salary and \$179,178 for employee benefits, reflecting step increases, that were previously approved, and higher medical benefit costs for 31.0 FTE positions. Also, the increase includes a change in the funding source for 1.0 FTE position, from a 100.0 percent federal SFRF funded position to a 100.0 percent general revenue funded position based on workload evaluation.

RHODE ISLAND HEALTH BENEFITS EXCHANGE

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

Rhode Island Health Benefits Exchange (HealthSource RI)	General Revenue
FY2024 Enacted	\$4,744,746
<i>Target and Other Adjustments</i>	
Updated Cost Allocation Plan	(4,465)
	(1,211,165)
FY2025 Governor	\$3,529,116

Rhode Island Health Benefits Exchange (HealthSource RI)	Other Fund Changes
ARPA SFRF: Auto Enrollment Program (federal funds)	(\$1,325,358)
State Innovation Waiver (federal funds)	1,024,796

Updated Cost Allocation Plan **(\$1.2 million)**

The Budget includes \$3.5 million in general revenue for contracted services, reflecting a net decrease of \$1.2 million. HealthSource RI has been a part of the Executive Office of Health and Human Services' cost allocation plan for several years, relating to expenses associated with redetermination activities and other services performed during the Public Health Emergency. Both EOHHS and HSRI determined that additional expenses separate from what the Executive Office was already reimbursing HSRI, should be included in the cost allocation plan. Funds from the Office were placed into the program's restricted receipt account, resulting in the program shifting general revenue expenses to these restricted receipt accounts. The updated cost allocation plan generates a net increase of \$50,214 on restricted receipts, as it impacts both personnel and operating expenditures, resulting in a decrease of \$668,937 and \$444,082, respectively.

ARPA SFRF: Auto-Enrollment Program (federal funds) **(\$1.3 million)**

The Budget includes a decrease of \$1.3 million in federal ARPA SFRF for an Auto-Enrollment Program, closing the account. The Program created pathways for Rhode Island residents to remain covered by health

insurance throughout the Public Health Emergency. Rhode Island's unwinding period began on April 1, 2023, and is slated to end in June, 2024.

State Innovation Waiver (federal funds)

(\$1.0 million)

The Budget includes \$10.8 million in federal funds for the FY2025 State Innovation Waiver, a decrease of \$1.0 million in federal funds. The Affordable Care Act (ACA) allows states to apply for State Relief and Empowerment Waiver, otherwise known as a 1332 Waiver. The Waiver allows states to employ innovative strategies that will help residents receive high quality and affordable care while still retaining protections under the ACA. The State first received the waiver in FY2020 and developed the state-based reinsurance program which protects high-cost patients by lowering the costs of expensive claims with funds from the 1332 waiver. Funds from the Waiver cover a portion of the claim, which in return decreases insurance premiums, stabilizes the market, and allows ACA beneficiaries to receive high quality and affordable care.

The calculations that determine state reinsurance funds rely on premium tax credits and savings procured with the 1332 Waiver. The waiver lowers insurance premiums which the federal government would have otherwise paid. The U.S. Department of Treasury calculates the difference between how much CMS would have had to pay towards premiums and how much they actually paid out; the savings is distributed back to the State and used for the reinsurance program. In this case \$10.8 million will be distributed to Rhode Island in FY2025.

DIVISION OF EQUITY, DIVERSITY, AND INCLUSION

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

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

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

The Division of Equity, Diversity, and Inclusion	General Revenue
FY2024 Enacted	\$1,898,258
<i>Target and Other Adjustments</i>	
Minority Business Enterprise Recruitment and Certification Initiative	500,000
Disparity Study	500,000
Personnel Adjustments	(185,333)
Software Maintenance	(75,000)
FY2025 Governor	\$2,652,119

Minority Business Enterprise Recruitment and Certification Initiative **\$500,000**

The Budget adds \$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. According to the Budget Office, “the Department intends to contract with a vendor to implement the initiative and that the plan is to put out an RFP.” Also – according to Budget, “the plan is to focus on MBE/WBE certification only, not for business registration.”

Disparity Study **\$500,000**

The Budget includes \$500,000 in general revenue to fund the next disparity study contracted through the Division of Equity, Diversity, and Inclusion. Article 3 of the FY2024 Budget as Enacted included language requiring the State to conduct a disparity study every five years to evaluate the need for the development of programs to enhance participation in State contracts for business enterprises owned by women and minorities. The study requirement would begin in FY2025.

The last study was issued in July 2021 and was performed by Mason Tillman Associates, Ltd., a public policy consulting firm in Oakland, California.

Personnel Adjustments **(\$185,333)**

The Budget provides \$1.3 million in general revenue for personnel expenses in the Division, a decrease of \$185,333 as compared to the FY2024 Budget as Enacted. The decrease is attributable to the removal of excess salary and benefits for a 1.0 FTE position. In the past, the Division has had salaries and benefits for 11.0 FTE positions. However, the Division’s organizational plan is set for only 10.0 FTE positions. The FY2025 Budget provides personnel funding to only support - 10.0 FTE positions, which are currently filled.

Software Maintenance **(\$75,000)**

The Budget includes \$175,000 in general revenue for software maintenance expenses, reflecting a decrease of \$75,000 as compared to the FY2024 Budget as Enacted. The reduction reflects a downward adjustment in Software Maintenance Agreements. According to the Budget Office, the \$250,000 included in the FY2024 Budget as Enacted will cover the purchase and implementation of the Compliance Management Software System, and that the maintenance of the system will only require an appropriation of \$175,000 in FY2025.

CAPITAL PROJECTS

The Budget includes \$125.3 million in Rhode Island Capital Plan (RICAP) funds for 35 various capital projects in FY2025. This reflects an increase of \$9.3 million from the previous fiscal year. Significant project changes include:

- **New or Major Funding Changes Capital Projects:** The Budget includes \$26.3 million for three projects including \$25.0 million to mitigate ligature risks in the Eleanor Slater Hospital System, \$1.2 million to repair the Rhode Island Building at the Big E, and \$50,000 for the annual asset protection for the new medical examiner building.

New or Major Funding Changes	FY2024 Enacted	FY2024 Governor	Change	FY2025 Governor	Change
RICAP - Hospital Consolidation	\$0	\$0	\$0	\$25,000,000	\$25,000,000
RICAP - Expo Center (Springfield)	-	-	-	1,220,000	1,220,000
RICAP - Medical Examiner Building	5,168,529	5,168,529	-	50,000	(5,118,529)
Total	\$5,168,529	\$5,168,529	\$0	\$26,270,000	\$21,101,471

- **Hospital Consolidation:** The Budget includes \$25.0 million in RICAP funds to mitigate the ligature risks in the Regan Building of the Eleanor Slater Hospital System. These funds are used in conjunction with \$22.0 million in certificates of participation financing in FY2024 that was previously approved by the General Assembly as part of the FY2019 Budget as Enacted.
- **Expo Center – Springfield (The Big E State Fair):** The Budget includes \$1.2 million in RICAP funds for renovations and maintenance at the Rhode Island Building. Built in 1957, the Rhode Island Building houses exhibitors and exhibits showcasing the state during the annual Big E exposition.
- **Medical Examiner Building:** The Budget includes \$50,000 in RICAP funds for annual asset protection work on the completed the build-out of the new Medical Examiner's Building located at 900 Highland Corporate Drive, Cumberland (Building # 3).
- **Group Home Projects:** The Budget includes \$9.3 million to fund various major maintenance and repairs or replacement of group homes. This is a decrease of \$700,000 from the previous year.

Group Home Projects	FY2024 Enacted	FY2024 Governor	Change	FY2025 Governor	Change
RICAP - Group Home Replacement	\$5,000,000	\$5,000,000	\$0	\$5,000,000	\$0
RICAP - Group Homes Consolidation	-	-	-	4,325,000	4,325,000
RICAP - BHDDH DD & Community Facilities - Asset Protection	950,000	1,053,972	103,972	-	(950,000)
RICAP - BHDDH DD & Community Homes - Fire Code	325,000	615,828	290,828	-	(325,000)
RICAP - BHDDH DD Regional Facilities - Asset Protection	1,800,000	2,846,156	1,046,156	-	(1,800,000)
RICAP - BHDDH Group Homes	1,350,000	1,709,571	359,571	-	(1,350,000)
RICAP - BHDDH Substance Abuse Asset Protection	600,000	865,141	265,141	-	(600,000)
Total	\$10,025,000	\$12,090,668	\$2,065,668	\$9,325,000	(\$700,000)

- **Group Home Replacement:** The Budget includes \$5.0 million in FY2025 for the Group Home renovation or replacement program.
- **Group Homes Consolidation:** The Budget includes \$4.3 million in FY2025 for a new Group Home consolidation. The Governor recommends \$28.4 million to be appropriation from FY2025 through post-FY2029 to repair and maintain state-owned group homes. This new program consolidates all BHDDH group home asset protection projects.
- **Pastore Center Campus Projects:** The Budget includes \$49.2 million to fund various major maintenance and repairs to 35 structures at the Pastore Government Center. This is an increase of \$9.9 million from the previous year.

Pastore Center Capital Projects	FY2024 Enacted	FY2024 Governor	Change	FY2025 Governor	Change
RICAP - Pastore Infrastructure	\$25,000,000	\$24,537,514	(\$462,486)	\$25,000,000	\$0
RICAP - Pastore Center Building Demolition	1,000,000	1,000,000	-	9,900,000	8,900,000
RICAP - Pastore Center Non-Medical Buildings Asset Protection	10,330,000	13,035,869	2,705,869	9,550,000	(780,000)
RICAP - Pastore Center Medical Buildings Asset Protection	500,000	377,015	(122,985)	4,500,000	4,000,000
RICAP - Pastore Center Power Plant	450,000	540,183	90,183	250,000	(200,000)
RICAP - Pastore Center Master Plan	2,000,000	3,635,000	1,635,000	-	(2,000,000)
Total	\$39,280,000	\$43,125,581	\$3,845,581	\$49,200,000	\$9,920,000

- **Pastore Infrastructure:** The Budget includes \$25.0 million in RICAP funds in FY2025 to continue infrastructure improvements at the Pastore Campus. These improvements include the replacement of water and sewer lines, as well as work on the power plant transformer, electrical lines, heating conduits, and the campus IT system.
- **Pastore Building Demolition:** The Budget includes \$9.9 million in RICAP funds, an increase of \$8.9 million from the FY2024 Budget as Enacted to continue the demolition of vacant building at the Pastore Center Complex in Cranston.

- **Pastore Center Non-Medical Building Asset Protection:** The Budget includes \$9.6 million in RICAP funds, reflecting a decrease of \$780,000 as compared to the FY2024 Budget as Enacted.
- **Capitol Hill Campus Projects:** Includes \$6.8 million, a decrease of \$8.7 million from the previous year, to fund various infrastructure upgrades to structures listed as the Capitol Hill Campus, including the Cannon Building, Old State House, Chapin Health Lab, State Office Building (DOT), and the William Powers Building.

Capitol Hill Campus Projects	FY2024 Enacted	FY2024 Governor	Change	FY2025 Governor	Change
RICAP - Williams Powers Building	\$4,750,000	\$7,100,000	\$2,350,000	\$2,400,000	(\$2,350,000)
RICAP - State House Renovations	6,389,000	8,479,874	2,090,874	2,209,000	(4,180,000)
RICAP - Cannon Building	3,725,000	200,000	(3,525,000)	700,000	(3,025,000)
RICAP - State Office Building	100,000	242,404	142,404	675,000	575,000
RICAP - Old State House	100,000	457,646	357,646	500,000	400,000
RICAP - Chapin Health Laboratory	425,000	775,000	350,000	350,000	(75,000)
Total	\$15,489,000	\$17,254,924	\$1,765,924	\$6,834,000	(\$8,655,000)

- **William Powers Building:** The William Powers Building, located in Providence, houses the Department of Administration, the Department of Revenue, and some smaller state agencies. The Budget includes \$2.4 million in RICAP funds in FY2025 that include HVAC upgrades, bathroom renovations, window and exterior envelop repairs, and elevator renovations.
- **State House Renovations:** The capital plan consists of \$89.0 million in renovations to the State House in Providence, including an appropriation of \$2.2 million in RICAP funds for FY2025. This reflects a decrease of \$4.2 million from the previous fiscal year. The projects include HVAC replacement, asset protection, mechanical improvements, and improvements to the grounds and walkways around the structure. The capital plan includes \$8.5 million in FY2024 and out-year funding of \$67.1 million for continuing restoration and renovation projects.
- **Rhode Island Convention Center Authority Venues:** The Budget includes \$7.5 million in RICAP funds for continued asset protection, upgrades, renovations, and funding of the renewal and replacement bond covenant for the Amica Mutual Pavilion (Dunkin Donuts Center). This is a decrease of \$9.0 million from the previous year.

RI Convention Center Authority Venues	FY2024 Enacted	FY2024 Governor	Change	FY2025 Governor	Change
RICAP - Rhode Island Convention Center Authority	\$10,237,500	\$10,237,500	\$0	\$3,590,000	(\$6,647,500)
RICAP - Amica Mutual Pavilion	6,212,500	6,212,500	-	3,550,000	(2,662,500)
RICAP - Veterans Auditorium	100,000	100,000	-	400,000	300,000
Total	\$16,550,000	\$16,550,000	\$0	\$7,540,000	(\$9,010,000)

- **Rhode Island Convention Center Authority:** The Budget includes \$3.6 million in RICAP funds for continued asset protection, upgrades, and renovations to the Rhode Island Convention Center (RICC) in Providence. This reflects a decrease of \$6.6 million over the FY2024 Budget as Enacted. The total recommended capital expenditure covering FY2024 to post-FY2029 is \$53.7 million in RICAP funds. The RICC is owned and operated by the Rhode Island Convention Center Authority (RICCA), but leased to the State through a sublease agreement implemented in November 1991. The Convention Center opened in December 1993 and, as the facility ages into its fourth decade, an asset protection and preventive maintenance program is required to maintain the facility.
- **Amica Mutual Pavilion (Dunkin Donuts Center):** The Budget includes \$3.6 million in RICAP funds in FY2025 for continued asset protection, upgrades and renovations for the Amica Mutual Pavilion, including roof replacement and renovations to dressing rooms, locker rooms, and suites. This reflects a decrease of \$2.7 million in RICAP funds from the previous year. The total recommended capital expenditure covering FY2024 to post-FY2029 is \$44.1 million in RICAP funds.
- **Veterans Auditorium:** The Budget includes \$400,000 in RICAP funds for audio system upgrades, stage lighting upgrades, and asset protection projects for the Auditorium. This reflects an increase of \$300,000 in RICAP funds from the previous year.

- **Miscellaneous Capital Projects:** The Budget includes \$26.2 million in RICAP funds for various major maintenance and repairs to 16 statewide projects or structures. This is a decrease of \$3.3 million from the previous year.

Miscellaneous Capital Projects	FY2024 Enacted	FY2024 Governor	Change	FY2025 Governor	Change
RICAP – Zambarano LTACH	\$6,569,677	\$1,500,000	(\$5,069,677)	\$7,099,677	\$530,000
RICAP - Zambarano Buildings	7,245,000	13,220,000	5,975,000	4,740,000	(2,505,000)
RICAP - Cranston Street Armory	2,250,000	2,250,000	-	3,250,000	1,000,000
RICAP - Information Operations Center	4,140,000	4,633,216	493,216	2,550,000	(1,590,000)
RICAP - 560 Jefferson Blvd Asset Protection	1,750,000	1,750,000	-	1,600,000	(150,000)
RICAP - Energy Efficiency Improvements- Statewide	1,000,000	2,311,571	1,311,571	1,000,000	-
RICAP - Security Measures State Buildings	500,000	571,247	71,247	975,000	475,000
RICAP - Comm Fac Asset Protection	70,000	352,300	282,300	925,000	855,000
RICAP - Washington County Government Center	650,000	650,000	-	800,000	150,000
RICAP - Big River Management Area	200,000	623,210	423,210	754,154	554,154
RICAP - Environmental Compliance	200,000	802,286	602,286	725,000	525,000
RICAP - Replacement of Fueling Tanks	430,000	1,114,201	684,201	700,000	270,000
RICAP - Shepard Building Upgrades	1,500,000	3,700,000	2,200,000	435,000	(1,065,000)
RICAP - Accessibility - Facility Renovations	1,180,000	988,643	(191,357)	288,928	(891,072)
RICAP - State Office Reorganization & Relocation	1,450,000	2,062,510	612,510	250,000	(1,200,000)
RICAP - Arrigan Center	125,000	125,000	-	75,000	(50,000)
RICAP - State Land Use Planning Study	250,000	250,000	-	-	(250,000)
Total	\$29,509,677	\$36,904,184	\$7,394,507	\$26,167,759	(\$3,341,918)

- **Zambarano LTACH:** The capital budget includes \$7.1 million in RICAP funds in FY2025 for the new Long-Term Acute Care Hospital (LTACH) on the Zambarano Campus. The total project cost is \$107.1 million in RICAP funds
- **Cranston Street Armory:** The Budget includes \$3.3 million in RICAP funds for continued asset protection/structural stabilization work on the facility, design and engineering work for the structure’s exterior envelope, and funds for a development agreement on the reuse of the structure. This is an increase of \$1.0 million from the previous year.
- **560 Jefferson Boulevard:** The Budget includes \$1.6 million in RICAP funds for asset protection work on the facility. This is a decrease of \$150,000 from the previous year. The structure houses the Office of the Post-Secondary Commissioner, the Office of Veteran Affairs, and programs under the Department of Business Regulation.

Department of Business Regulation

Expenditures by Program	FY2023 Actual	FY2024 Enacted	FY2024 Governor	Change from Enacted		FY2025 Governor	Change from Enacted	
Central Management	\$4.0	\$4.6	\$4.2	(\$0.4)	-9.0%	\$4.0	(\$0.6)	-13.2%
Banking Regulation	1.9	1.9	1.9	0.1	3.4%	2.0	0.1	5.5%
Board of Accountancy	0.0	0.0	0.0	-	0.0%	0.0	-	0.0%
Commercial Licensing, Gaming & Athletics	2.1	2.1	2.0	(0.1)	-5.6%	2.0	(0.1)	-4.2%
Building Design & Fire Professionals	10.3	16.4	16.8	0.4	2.4%	12.8	(3.6)	-22.1%
Insurance Regulation	5.6	6.6	6.2	(0.4)	-5.5%	6.7	0.2	2.5%
Office of Cannabis Regulation	2.6	6.1	5.7	(0.4)	-6.2%	6.8	0.7	11.4%
Office of the Health Insurance Commissioner	3.8	3.8	4.7	0.9	23.2%	4.5	0.7	18.3%
Securities Regulation	0.8	0.9	0.9	(0.0)	-1.6%	0.9	(0.0)	0.0%
Total	\$31.1	\$42.3	\$42.4	\$0.0	0.1%	\$39.6	(\$2.7)	-6.3%

Expenditures by Source	FY2023 Actual	FY2024 Enacted	FY2024 Governor	Change from Enacted		FY2025 Governor	Change from Enacted	
General Revenue	\$23.2	\$24.4	\$24.4	\$0.1	0.3%	\$24.5	\$0.1	0.6%
Federal Funds	0.9	0.6	1.2	0.6	92.1%	0.8	0.2	31.9%
Restricted Receipts	7.0	11.5	10.9	(0.6)	-5.2%	12.3	0.7	6.5%
Other Funds	0.1	5.8	5.8	(0.0)	-0.1%	2.0	(3.8)	-65.3%
Total	\$31.1	\$42.3	\$42.4	\$0.0	0.1%	\$39.6	(\$2.7)	-6.3%

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

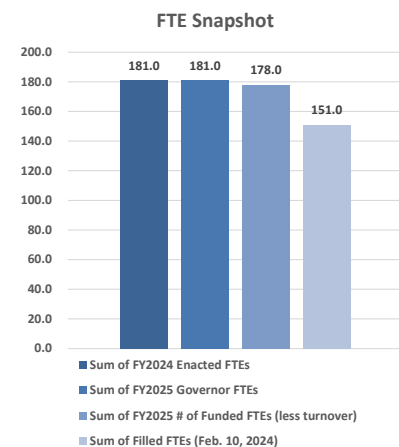
The Department of Business Regulation (DBR) implements state laws mandating the regulation and licensing of designated businesses, professions, occupations, and other specified activities. The Department is composed of nine programs: Central Management, Banking Regulation, Board of Accountancy, Commercial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

MAJOR ISSUES AND TRENDS

The FY2025 Budget includes an all funds decrease of \$2.7 million, or 6.3 percent, from the FY2024 Budget as Enacted. The Budget includes a general revenue increase of \$100,000 and a federal fund increase of \$200,000 as compared FY2024 Budget as Enacted. The net decrease is primarily attributable to a \$3.8 million decrease in RICAP funding for the Fire Academy Expansion. Both general revenue and federal fund increases are caused by an increase of salary and wages.

The Budget includes \$42.4 million in all funds in the FY2024 Governor's recommended budget, an increase of \$49,720 from the FY2024 Budget as Enacted. General revenues comprise 57.6 percent of the total funds, equaling \$24.4 million, an increase of \$64,619 from the FY2024 Budget as Enacted.

The Budget authorizes 181.0 FTE positions for FY2025 and FY2024 Revised.



CENTRAL MANAGEMENT

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

Central Management	General Revenue
FY2024 Enacted	\$4,609,968
<i>Target and Other Adjustments</i>	
Centralized Services (statewide adjustments)	(644,940)
Personnel Adjustments	34,735
FY2025 Governor	\$3,999,763

Personnel Adjustments**\$34,735**

The Budget increases general revenue by \$34,735 for personnel adjustments within Central Management. Changes in personnel are primarily due to updated expenditure forecasts, resulting in an increase of 1.7 percent.

Personnel Category	FY2024	FY2025	Change from	
	Enacted	Governor	Enacted	
Salary	\$210,034	\$219,792	\$9,758	4.6%
Benefits	1,251,453	1,276,231	24,778	2.0%
Employee Retirement	429,133	427,292	(1,841)	-0.4%
FICA	94,654	96,694	2,040	2.2%
Total	\$1,985,274	\$2,020,009	\$34,735	1.7%

BANKING REGULATION

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

Personnel Adjustments**\$102,995**

The Budget increases general revenue by \$102,995 for personnel adjustments within the Banking Regulation Division. The increase in expenditures are associated with updated expenditure adjustments and cost of living increases. Additionally, the Division expects 2.0 FTE vacancies for approximately the first three months of FY2025, resulting in total turnover savings of \$44,544.

Personnel Category	FY2024	FY2025	Change from	
	Enacted	Governor	Enacted	
Salary	\$1,095,982	\$1,148,292	\$52,310	4.8%
Benefits	233,012	270,068	37,056	15.9%
Employee Retirement	376,974	386,049	9,075	2.4%
FICA	83,357	87,871	4,514	5.4%
Total	\$1,789,325	\$1,892,280	\$102,955	5.8%

BOARD OF ACCOUNTANCY

The Board of Accountancy is an autonomous board that is responsible for the licensing of certified public accountants, public accountants, partnerships, corporations, and sole proprietorships. It processes applications and fees and issues initial certificates and permits to regulated businesses, occupations, and

professions. The Board of Accountancy is 100.0 percent funded by general revenues. The FY2015 Budget as Enacted eliminated the sole Administrative Aide position for the program. Administrative responsibilities are assigned to other staff as needed. The remaining funds in the program support operating costs, such as national Certified Public Accountant (CPA) Society dues, legal expenses, and printing and mailings.

Board of Accountancy	General Revenue
FY2024 Enacted	\$5,490
<i>Target and Other Adjustments</i>	-
FY2025 Governor	\$5,490

COMMERCIAL LICENSING, GAMING, AND ATHLETICS

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

Commercial Licensing, Gaming and Athletics	General Revenue
FY2024 Enacted	\$1,194,966
<i>Target and Other Adjustments</i>	-
Personnel Adjustments	(245,257)
FY2025 Governor	\$949,709

Commercial Licensing, Gaming, and Athletics	Other Fund Changes
Personnel Adjustments (restricted receipts)	\$158,025

Personnel Adjustments **(\$245,257)**

The Budget includes a decrease of \$245,257 in general revenue for personnel adjustments within the Division. These savings are offset by a restricted receipt increase of \$158,025. These changes reflect more up to date expenditure forecast, and include estimated turnover savings for 1.0 FTE through the first three months of FY2025 totaling \$33,466.

Personnel Category	FY2024 Enacted	FY2025 Governor	Change from Enacted	
Salary	\$710,570	\$551,977	(\$158,593)	-22.3%
Benefits	165,053	149,498	(15,555)	-9.4%
Employee Retirement	245,085	185,783	(59,302)	-24.2%
FICA	54,045	42,238	(11,807)	-21.8%
Total	\$1,174,753	\$929,496	(\$245,257)	-20.9%

DIVISION OF BUILDING, FIRE, AND DESIGN PROFESSIONALS

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

Building, Design, and Fire Professionals	General Revenue
FY2024 Enacted	\$8,290,502
<i>Target and Other Adjustments</i>	<i>(42,227)</i>
Centralized Services (statewide adjustments)	\$211,806
Overtime Expenses	168,000
Turnover Savings	(138,746)
FY2025 Governor	\$8,489,335

Commercial Licensing, Gaming, and Athletics	Other Fund Changes
Fire Academy (RICAP)	(\$3,774,000)

Overtime Expenses ***\$168,000***

The Governor recommends a general revenue increase of \$168,000 to account for increase overtime expenditures. Since FY2021, the Division has experienced a significant increase in overtime expenditures due to a dramatic rise in its plan-review related workload. Between FY2021 and FY2022, new plans submitted for review increased by more than 60.0 percent and plans approved increased by 51.0 percent. Additionally, inspection applications increased by 400.0 percent and inspections conducted increased by 11.0 percent. Due to the significant demand, the Division included the \$168,000 increase to ensure the Division is able to perform its duties and meet the rise in demand.

Turnover Savings ***(\$138,746)***

The Governor recommends a general revenue decrease of \$138,746 in general revenue to account for turnover expenses. The Division anticipates vacancies for 8.0 FTE positions for the first 3.0 months in FY2025. The positions and savings are as followed:

- 4.0 Fire Safety Inspectors
- 1.0 Fire Safety Training Officers
- 1.0 Deputy Fire Marshal
- 2.0 Building Code Inspectors

INSURANCE REGULATION

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

Insurance Regulation	General Revenue
FY2024 Enacted	\$4,669,856
<i>Target and Other Adjustments</i>	<i>-</i>
Personnel Adjustments	174,392
FY2025 Governor	\$4,844,248

Personnel Adjustments ***\$174,392***

The Department increases general revenue by \$174,392 to account for personnel adjustments throughout the division. The increase is primarily due to updated personnel forecasts. The expenditure change also includes \$55,416 in turnover savings as the Division expects vacancies for 6.0 FTE positions for the first 3.0 months of FY2025 which include:

- 3.0 Senior Insurance Examiners
- 1.0 Deputy Director – Financial Services
- 1.0 Insurance Analyst
- 1.0 Assistant Administrative Officer

OFFICE OF CANNABIS REGULATION

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

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

Office of Cannabis Regulation	Restricted Receipts
Personnel Adjustments	\$670,875

Personnel Adjustments (restricted receipts) \$670,875

The Office increases restricted receipts by \$670,875 to account for changes in forecasted personnel expenditures. The expenditure increase also includes \$258,105 in restricted receipts for 1.0 FTE Administrator for the Cannabis Office. While this is a new position within the Office, the Budget shifts one vacant position from the Office of the Health Insurance Commissioner to the Office of Cannabis Regulation.

Personnel Category	FY2024 Enacted	FY2025 Governor	<i>Change from Enacted</i>	
Salary	\$1,894,274	\$2,355,487	\$461,213	24.3%
Benefits	463,115	532,375	69,260	15.0%
Employee Retirement	644,454	753,292	108,838	16.9%
FICA	142,910	174,456	31,546	22.1%
Total	\$3,144,753	\$3,815,610	\$670,857	21.3%

Regulatory Update

Informational

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

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

As of March 15, the Commission reports that they are in the process of drafting regulations. Currently, the public health and cannabis industry subcommittees are reviewing topics related to packaging and labeling, the public safety subcommittee is reviewing conditions regarding whether the Commission should consider public consumption as an option in future regulations, and the market participation and social equity subcommittees are addressing whether other aspects of social equity not outlined in the RI Cannabis Legalization Act should be addressed in the Commissions framework. Furthermore, the Commission is meeting regularly with Health and Human Services agencies to design the Social Equity Program. The Commission reports being on track to produce its first statutorily mandated report in April 2024, which will review the impact of adult use marijuana on the State's medical marijuana program.

OFFICE OF THE HEALTH INSURANCE COMMISSIONER

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

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

Office of the Health Insurance Commissioner	General Revenue
FY2024 Enacted	\$2,933,710
<i>Target and Other Adjustments</i>	
	1,551
Human Services Program Rates and Benefits Analysis	509,156
FY2025 Governor	\$3,444,417
Office of the Health Insurance Commissioner	Other Fund Changes
OHIC Medicaid Match (federal funds)	\$375,000
State Flexibility Grant Cycle Phase II (federal funds)	(199,284)

Human Services Programs Rates and Benefits Analysis **\$509,156**

The Budget increases contracted services within the Office for the Social and Human Service Programs Review. RIGL 41-14.5-3 requires the Department to present deliverables, including various assessments detailing program rates, utilization trends, eligibility standards, functions of provider networks, licensed and unlicensed personnel, wait list times, and national rates compared to Rhode Island provider rates. These deliverables are submitted to the General Assembly on a biannual basis beginning in 2023. The most extensive reporting requirements and contractual expenditures fall within odd numbered fiscal years. Program implementation will continue to be ongoing in even numbered years; however, the bulk of contract work will be required in odd fiscal years.

OHIC Medicaid Match (federal funds) **\$375,000**

The Budget includes \$500,000 in federal funds, an increase of \$375,000 from FY2024 as Enacted. These funds support the OHIC rate review by offsetting general revenue expenditures.

In 2023, the Office entered into a joint agreement with the Executive Office of Health and Human Services (EOHHS) where EOHHS presents claims to the Centers for Medicare and Medicaid Services (CMS) on behalf of OHIC for federal reimbursement, so long as OHIC appropriates these funds appropriately according to CMS.

State Flexibility Grant Cycle Phase II (federal funds) (\$199,284)

The Budget includes a decrease of \$199,284 in federal funds to account for a reduction of receivable funds from the CMS. This grant has been discontinued and the Office does not anticipate a third cycle. The office received a total of \$677,000 during the second cycle of the grant to enhance its utilization review data portal, improve access to behavioral health services, and parity enforcement.

SECURITIES REGULATION

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

Securities Regulation	General Revenue
FY2024 Enacted	\$865,851
<i>Target and Other Adjustments</i>	
Personnel Adjustments	14,871
FY2025 Governor	\$880,722

Securities Regulation	Other Fund Changes
Securities Reimbursement Account	(15,000)

Personnel Adjustments \$14,871

The Budget includes an increase of \$14,871 in general revenue related to personnel adjustments. This increase is primarily due to updated personnel forecasts and up to date expenditures.

Personnel Category	FY2024 Enacted	FY2025 Governor	<i>Change from Enacted</i>	
Salary	\$506,972	\$508,515	\$1,543	0.3%
Benefits	136,674	153,184	16,510	12.1%
Employee Retirement	173,845	170,309	(3,536)	-2.0%
FICA	38,560	38,914	354	0.9%
Total	\$856,051	\$870,922	\$14,871	1.7%

Securities Reimbursement Account (restricted receipts) (\$15,000)

The Budget includes a \$15,000 decrease in restricted receipts. The Department ultimately decided to close the account as a majority of these funds had been exhausted and there have been little to no expenditures since FY2021. In FY2021 and FY2022, \$0 was spent, and only \$29 was spent in FY2023. This account was used to reimburse mileage and transportation costs. All revenue from Securities Regulation will be deposited as general revenue.

CAPITAL PROJECTS

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

Department of Labor and Training

Expenditures by Program	FY2023	FY2024	FY2024	Change from		FY2025	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Central Management	\$1.4	\$1.8	\$1.8	(\$0.1)	-3.9%	\$2.1	\$0.2	12.4%
Workforce Development Services	23.3	27.8	35.2	7.4	26.5%	24.9	(2.9)	-10.4%
Workforce Regulation and Safety	4.2	4.8	4.8	0.0	0.2%	4.8	0.0	0.1%
Income Support	523.0	439.0	501.0	62.0	14.1%	526.9	87.9	20.0%
Injured Workers Services	10.0	10.3	10.1	(0.2)	-2.4%	10.6	0.3	3.0%
Labor Relations Board	0.5	0.6	0.6	0.0	0.3%	0.5	(0.0)	-2.2%
Governor's Workforce Board	38.1	43.2	48.8	5.6	12.8%	24.4	(18.8)	-43.5%
Total	\$600.5	\$527.6	\$602.2	\$74.6	14.1%	\$594.3	\$66.7	12.6%

Expenditures by Source								
General Revenue	\$18.2	\$17.7	\$22.2	\$4.5	25.4%	\$18.0	\$0.3	1.7%
Federal Funds	150.9	74.7	74.8	0.1	0.1%	42.7	(32.0)	-42.8%
Restricted Receipts	34.2	30.3	31.2	0.9	3.1%	32.0	1.8	5.8%
Other Funds	397.3	405.0	474.1	69.1	17.1%	501.6	96.7	23.9%
Total	\$600.5	\$527.6	\$602.2	\$74.6	14.1%	\$594.3	\$66.7	12.6%

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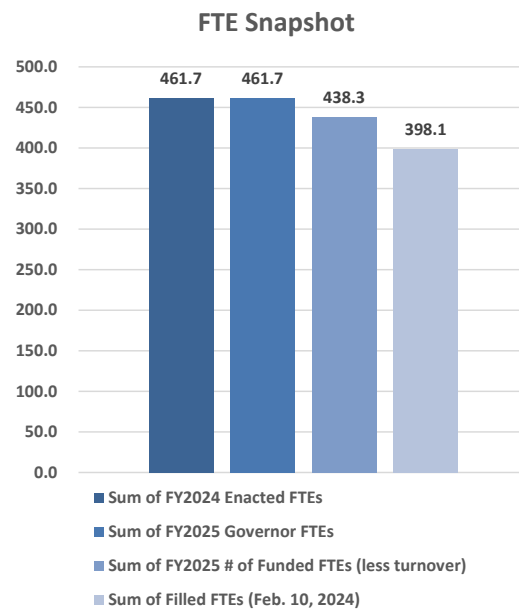
\$ in millions. Totals may vary due to rounding

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

MAJOR ISSUES AND TRENDS

The FY2024 Revised Budget includes \$602.2 million in all funds, reflecting a \$74.6 million, or 14.1 percent increase from the FY2024 Budget as Enacted. The Budget includes \$22.2 million in general revenue, reflecting a \$4.5 million or 25.4 percent increase from the FY2024 Enacted Budget. Other funds realized the largest increase, rising by \$69.1 million or 17.1 percent from the FY2024 enacted level, primarily related to an additional \$65.2 million in projected unemployment insurance benefits for the Income Support program. The Department indicates that as of March 2024, unemployment insurance benefit payments are running 35.0 percent above the CY2022 level and therefore, a 30.0 percent increase in FY2024 and a 5.0 percent increase in FY2025 are projected.

The FY2025 Budget includes \$594.3 million in all funds, reflecting a \$66.7 million, or 12.6 percent increase from the FY2024 Budget as Enacted. The Budget includes \$18.0 million in general revenue, reflecting a \$293,426 or



1.7 percent increase from the FY2024 Budget as Enacted. Other funds realized the largest adjustment, increasing by \$96.7 million, or 23.9 percent from the FY2024 enacted level, primarily related to a \$74.7 million increase in projected unemployment insurance benefit payments. Furthermore, the Budget removes \$20.0 million of American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) due to the conclusion of the Enhanced Real Jobs project.

Additionally, the Budget provides the Department with \$200,000 in general revenue to conduct a Workers' Compensation Study to analyze the system's operations, draw comparisons amongst other states, and recommend improvements.

The Budget authorizes 461.7 FTE positions in FY2024 and FY2025, consistent with the enacted level.

CENTRAL MANAGEMENT

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

Central Management	General Revenue
FY2024 Enacted	\$1,465,751
<hr/>	
<i>Target and Other Adjustments</i>	<i>20,641</i>
Workers' Compensation Study	200,000
Centralized Services (statewide adjustments)	53,708
Turnover	12,351
ERP Maintenance and Operations Billings (statewide adjustments)	10,994
FY2025 Governor	\$1,763,445

Workers' Compensation Study **\$200,000**

The Governor includes \$200,000 of general revenue to fund a Workers' Compensation System Study. The Study shall include an analysis of the system's rates, benefits, and administrative costs, a comparison to systems in other states, as well as recommended improvements. The report is to be submitted to the Governor, Speaker of the House of Representatives, and the President of the Senate by March 31, 2025.

Turnover **\$12,351**

The Budget includes a \$12,351 increase of general revenue due to a reduction of turnover savings in the Central Management program when compared to the FY2024 Budget as Enacted. The Governor recommends \$315 in turnover savings, reflecting a \$12,351 reduction from the FY2024 Budget as Enacted level of \$12,666.

WORKFORCE DEVELOPMENT SERVICES

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

Workforce Development Services	General Revenue
FY2024 Enacted	\$1,107,295
<i>Target and Other Adjustments</i>	<i>(2,307)</i>
Centralized Services (statewide adjustments)	4,442
FY2025 Governor	\$1,109,430

Workforce Development Services	All Fund Changes
Quest Grant (federal funds)	(\$2,580,941)
Workforce Innovation and Opportunity Act Grants (federal funds)	(354,608)

QUEST Grant (federal funds) (\$2.6 million)

The Budget includes \$4.6 million in federal funds from the Quality Jobs, Equity, Strategy, and Training (QUEST) grant, which is classified as a Dislocated Worker Grant (DWG) and will be available from FY2023 through FY2025. The U.S. Department of Labor announced that Rhode Island's Department of Labor and Training would receive \$15.0 million, the maximum amount, on July 5, 2022. Authorized by the federal Workforce Innovation and Opportunity Act, DWGs provide funding support in response to unexpected events that lead to significant job loss. The Department will utilize the funds to provide occupational training through the industry-led Real Jobs Rhode Island (RJRI) program, which invests in sector-based intermediaries who serve as RJRI Partners and enables them to design and implement their initiatives to serve their industry's needs. The industries that the project will address include healthcare, childcare, manufacturing, construction, transportation, logistics, informational technology, and finance. The FY2024 Revised Budget includes \$11.3 million for the initiative. The following table illustrates the Governor's FY2025 recommended appropriation.

QUEST Grant	FY2024 Enacted	FY2025 Governor	Change
Assistance and Grants	\$6,125,000	\$4,000,000	(\$2,125,000)
Salary and Benefits	872,126	400,870	(471,256)
Contract Professional Services	100,000	109,102	9,102
Operating Supplies and Expenses	75,000	81,213	6,213
Total	\$7,172,126	\$4,591,185	(\$2,580,941)

Workforce Innovation and Opportunity Act Grants (federal funds) (\$354,608)

The Budget includes \$11.7 million in federal funds from Workforce Innovation and Opportunity Act (WIOA) grants, reflecting a decrease of \$354,608 from the FY2024 Enacted Budget. The \$819,000 decrease in the Dislocated Worker grant program reflects a reduction in received awards. The federal register indicates that Rhode Island will be receiving \$3.3 million in Program Year 2023, reflecting a \$294,511 reduction in grant funds. The following table illustrates the reduction throughout the three WIOA grant programs.

Workforce Innovation Act Program	FY2024 Enacted	FY2025 Governor	Change
Dislocated Worker Program	5,183,624	4,364,624	(\$819,000)
Adult Program	\$3,315,007	\$3,633,762	318,755
Youth Program	3,527,155	3,672,792	145,637
Total	\$12,025,786	\$11,671,178	(\$354,608)

- **WIOA Dislocated Worker Grants:** Provides funding for significant dislocation events. DLT's Rapid Response team provides services for closing businesses and dislocated workers.
- **WIOA Adult Program:** Provides funding to enable workers to obtain good jobs by providing them with job search assistance and training opportunities.

- **WIOA Youth Activities:** Provides support to help low-income youth, between the ages of 14 and 24, acquire the educational and occupational skills, training, and support needed to achieve academic and employment success and successfully transition into careers and productive adulthood.

WORKFORCE REGULATION AND SAFETY

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

Workforce Regulation and Safety	General Revenue
FY2024 Enacted	\$4,828,609
<i>Target and Other Adjustments</i>	<i>(4,088)</i>
Centralized Services (statewide adjustments)	9,247
FY2025 Governor	\$4,833,768

INCOME SUPPORT

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

Income Support	General Revenue
FY2024 Enacted	\$3,656,159
<i>Target and Other Adjustments</i>	<i>4,851</i>
Centralized Services (statewide adjustments)	(2,139)
FY2025 Governor	\$3,658,871

Income Support	Other Fund Changes
Unemployment Insurance Benefits (other funds)	\$79,935,000
Temporary Caregiver Insurance: Benefits and Administration (other funds)	9,213,340
Temporary Disability Insurance: Benefits and Administration (other funds)	7,420,531
Unemployment Insurance Administration (federal funds)	(3,132,603)
CARES Act (federal funds)	(1,550,682)
Centralized Services (statewide adjustments) (all funds)	(1,481,146)
Unemployment Insurance Benefit Statistics	Informational
Unemployment Insurance Trust Fund	Informational

Unemployment Insurance Benefits (other funds) \$79.9 million

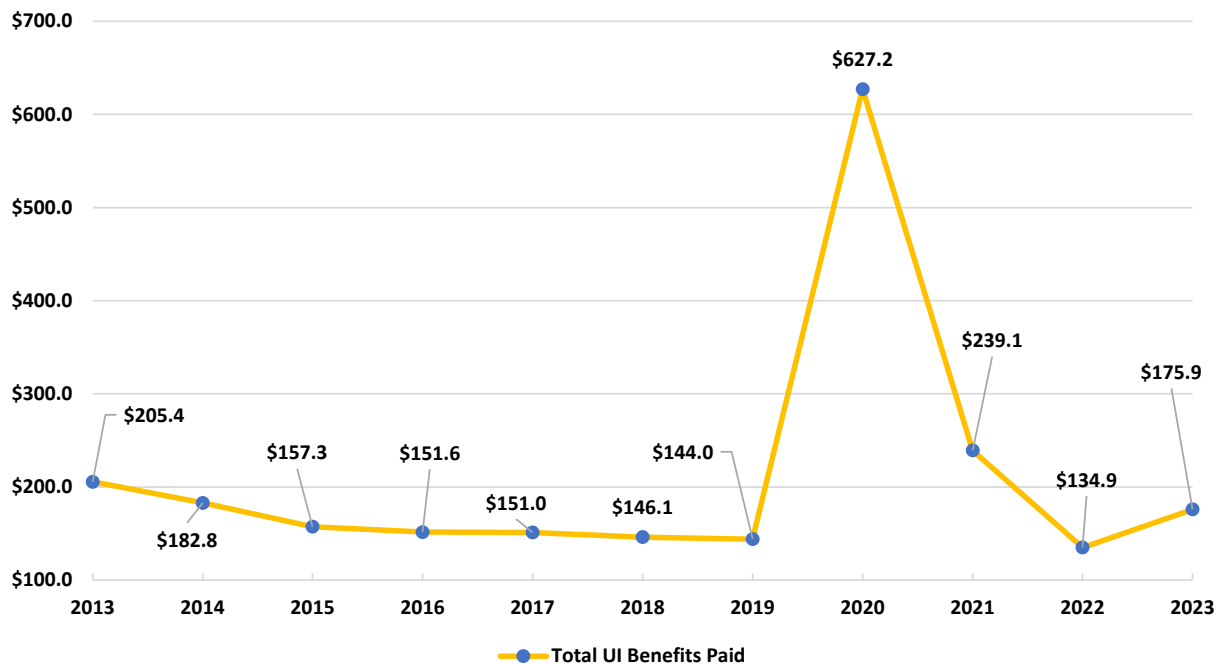
The Governor recommends \$222.8 million in other funds to support unemployment benefits, reflecting a \$79.9 million increase from the FY2024 Budget as Enacted. The increase largely reflects a \$74.7 million increase in unemployment insurance benefits as well as a \$3.5 million increase in benefit payments made to other states. The Department indicates that the calculation determining the benefit figures is based off of

actual financial statements through August of 2023. In FY2023, unemployment insurance costs rose 5.0 percent from FY2022, although the Department projected a 15.0 percent decline. As of March 2024, unemployment benefits are running 35.0 percent above CY2022 and the Department is therefore projecting a 30.0 percent increase for FY2024 and a 5.0 percent increase for FY2025. The following table illustrates the current budgeted amounts for UI benefits.

Unemployment Benefits	FY2024 Enacted	FY2025 Governor	Change
Unemployment Insurance (other funds)	\$130,275,000	\$205,000,000	\$74,725,000
Payments to Other States (other funds)	3,000,000	6,500,000	3,500,000
Reimbursable Employers UI Benefits (other funds)	6,000,000	8,500,000	2,500,000
Federal and Veteran Employment (other funds)	2,200,000	1,400,000	(800,000)
Trade Readjustment Act (federal funds)	125,005	135,005	10,000
State Employees (other funds)	1,300,000	1,300,000	-
Total	\$142,900,005	\$222,835,005	\$79,935,000

The United States Department of Labor’s website provides data concerning the payment of UI benefits by quarter for each State. The following table and graph illustrate Rhode Island’s payment of unemployment insurance benefits from 2013-2023, with figures provided by the U.S. Department of Labor.

Annual UI Benefit Payments 2013-2023



\$ in millions.

Source: US Dept. of Labor/UI Data Summary

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

through September 4, 2021, at a rate of \$300/week. The program required additional funding due to rising unemployment related to the COVID-19 pandemic, however, the increased funds are no longer necessary.

Temporary Caregiver Insurance: Benefits and Administration (other funds) \$9.2 million

The Governor recommends \$34.3 million in other funds for the administration and payment of benefits related to the State's Temporary Caregiver Insurance (TCI) program, reflecting an increase of \$9.2 million from the FY2024 enacted level. The increase is due to updated projections of utilization and includes increases of \$8.8 million for benefit payments and \$413,340 for administration. Signed into law on July 11, 2013, TCI disburses payments to individuals who are unable to work due to providing necessary care for seriously ill family members, such as children, spouses, parents, domestic partners, and grandparents. Additionally, individuals who need to bond with a newborn baby or newly adopted child are also eligible to receive benefits. Eligible individuals may claim caregiver benefits for up to 6 weeks. The following table illustrates the adjustment.

Temporary Caregiver Insurance	FY2024 Enacted	FY2025 Governor	Change
Payment of Benefits	\$23,500,000	\$32,300,000	\$8,800,000
Administration	1,588,933	2,002,273	413,340
Total	\$25,088,933	\$34,302,273	\$9,213,340

Temporary Disability Insurance: Benefits and Administration (other funds) \$7.4 million

The Budget includes \$242.9 million in other funds for the administration and payment of benefits related to the State's Temporary Disability Insurance (TDI) program, reflecting an increase of \$7.4 million from the FY2024 enacted level. The increase is due to updated projections of utilization and includes increases of \$5.0 million for benefit payments and \$3.0 million for the employer tax unit, which is offset by a savings for \$531,613 for administration. Funded entirely by Rhode Island worker contributions, TDI allows individuals who cannot work due to a temporary disability or injury, to receive payments for missed work. Rhode Island is one of five states that fund this program. The table below illustrates the adjustment.

Temporary Disability Insurance	FY2024 Enacted	FY2025 Governor	Change
Payment of Benefits	\$225,000,000	\$230,000,000	\$5,000,000
Employer Tax	851,827	3,803,971	2,952,144
Administration "A" General	9,659,973	9,128,360	(531,613)
Total	\$235,511,800	\$242,932,331	\$7,420,531

Unemployment Insurance Administration (federal funds) (\$3.1 million)

The Budget includes \$8.8 million in federal funds to support the administration of the Unemployment Insurance program, representing \$3.1 million in savings from the FY2024 Budget as Enacted. The adjustment is primarily personnel-based and includes a \$1.4 million net reduction in salaries reflecting a \$1.5 million increase in turnover savings, a \$73,193 reduction to longevity pay, and a \$101,630 increase in regular wages. The following table illustrates the adjustment by personnel category.

Unemployment Insurance Administration	FY2024 Enacted	FY2025 Governor	Change
Salaries	\$7,752,225	\$6,326,816	(\$1,425,409)
Purchased Services	2,914,957	2,184,939	(730,018)
Not Personnel	(4,103,916)	(4,600,748)	(496,832)
Benefits	4,795,983	4,471,244	(324,739)
Overtime	250,000	150,000	(100,000)
Statewide Benefit Assessment	306,196	249,898	(56,298)
Miscellaneous	239	932	693
Total	\$11,915,684	\$8,783,081	(\$3,132,603)

CARES Act (federal funds)**(\$1.6 million)**

The Budget includes \$876,550 in Coronavirus Aid, Relief and Economic Security (CARES) Act federal funds reflecting a reduction of \$1.6 million from the FY2024 Enacted Budget. These federal funds were primarily used to support unemployment benefits throughout the pandemic, as the Department experienced an uptick in individuals applying for unemployment insurance and required additional federal funds to meet the demand for the additional claims. Federal Pandemic Unemployment Assistance (FPUA) and Pandemic Unemployment Assistance (PUA) both realized the largest adjustment, decreasing by \$750,341 and \$700,000 respectively. The following table illustrates the adjustment by type of federal pandemic aid.

CARES Act	FY2024 Enacted	FY2025 Governor	Change
PUA Implementation & Administration	\$1,330,891	\$580,550	(\$750,341)
FPUA Implementation & Administration	900,000	200,000	(700,000)
PEUC Implementation & Administration	196,341	96,000	(100,341)
Total	\$2,427,232	\$876,550	(\$1,550,682)

Unemployment Insurance Benefit Statistics**Informational**

Rhode Island currently ranks 18th in average UI benefits paid nationally and has the third-highest average UI benefits paid in New England. The State has the 5th highest weekly UI benefit payments in the nation when dependent allowances are included and ranks 8th when dependent allowances are removed. The following tables illustrate UI benefit payments within New England as well as nationally.

Average UI Benefits Paid			
12 Months Ending 4th Quarter 2023			
State	Amount	New England	National
Massachusetts	\$10,405	1	2
Connecticut	6,077	2	16
Rhode Island	6,040	3	18
Maine	5,790	4	21
Vermont	5,096	5	28
New Hampshire	3,376	6	40

Source: US Dept. of Labor/UI Data Summary

Average Weekly UI Benefits Paid			
12 Months Ending 4th Quarter 2023			
State	Amount	New England	National
Massachusetts	\$685.35	1	2
Vermont	501.78	2	10
Connecticut	474.37	3	15
Maine	450.05	4	21
Rhode Island	449.96	5	22
New Hampshire	363.50	6	33

Source: US Dept. of Labor/UI Data Summary

Maximum Weekly UI Benefit			
As of January 1, 2024			
State	Amount	New England	National
Massachusetts	\$1,015	1	1
Connecticut	703	2	7
Rhode Island	680	3	8
Vermont	668	4	11
Maine	538	5	25
New Hampshire	427	6	34

Source: US Dept. of Labor

Maximum Weekly UI Benefit with Dependents Allowance			
As of January 1, 2024			
State	Amount	New England	National
Massachusetts	\$1,522	1	1
Maine	941	2	3
Rhode Island	850	3	5
Connecticut	778	4	9
Vermont*	668	5	16
New Hampshire*	427	6	35

Source: US Dept. of Labor

* No dependent's benefit provision

Unemployment Insurance Trust Fund**Informational**

Article 3 of the FY2025 Governor's Recommended 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. The article grants the Director the ability to use discretion in selecting the computation date for tax year 2025 and authorizes the eligibility of all dates ranging from September 30 to December 31, 2024.

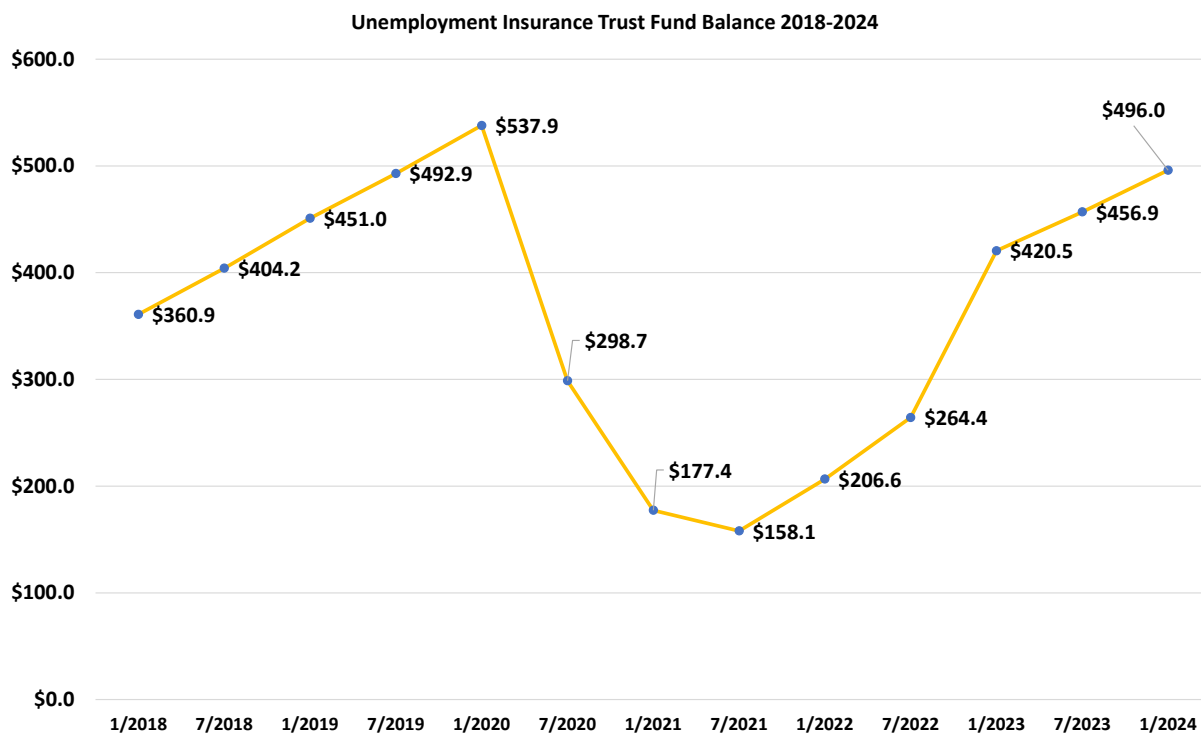
For CY2024, the Department of Labor and Training determined that the unemployment insurance tax rates will remain at Schedule G, with rates ranging from 1.1 percent to 9.7 percent. The unemployment insurance

tax schedule is calculated using a statutory formula based on the ratio of the balance of the state’s employment security fund to the total twelve-month payroll of employer’s subject to the contribution provisions of the Employment Security Act. The calculation is performed on September 30 of each calendar year, known as the computation date.

In congruence with Article 3, Article 1 authorizes the Governor to deposit unexpended State Fiscal Recovery Funds into the Unemployment Insurance Trust Fund. If additional funds are deposited subsequent to the computation date, the Director of the Department of Labor and Training may choose to recalculate the unemployment insurance tax schedule to allow businesses to reduce payments reflective of a schedule change. The article grants the Director the ability to revisit the schedule regardless of any such deposit.

The Department indicates that the estimated total payroll for the 12 months ending June 30, 2024, will be approximately \$24.0 billion. The fund balance would need to be at least 2.5 percent of the total payroll or approximately \$601.0 million for the rate schedule to shift to Schedule F. Based on current information, the Department estimates that the November fund balance will be approximately \$581.0 million, approximately \$20.0 million below the necessary balance to shift rate schedules.

As of January 1, 2024, the Unemployment Insurance Trust Fund had a balance of \$496.0 million compared to \$420.5 million in January of 2023, reflecting a \$75.5 million increase over the calendar year. On September 26, 2022, the State deposited \$100.0 million in ARPA SFRF into the Unemployment Insurance Trust Fund. The following table and graph illustrate the fund balance from January 2018 through July 2023.



Source: U.S. Department of Labor
\$ in millions

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

INJURED WORKERS SERVICES

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

Injured Worker Services	Other Fund Changes
FY2024 Enacted	\$10,320,752
<i>Target and Other Adjustments</i>	
Contract Professional Services Adjustment (restricted receipts)	666,024
Centralized Services (statewide adjustments) (restricted receipts)	(419,245)
FY2025 Governor	\$10,630,130

Contract Professional Services Adjustment (restricted receipts) \$666,024

The Budget includes \$1.2 million in restricted receipts for contract professional services within the Injured Workers Services program, reflecting an increase of \$666,024 from the FY2024 Budget as Enacted. The adjustment provides an additional \$637,900 for IT system support and \$36,000 for other professional services. The following table illustrates the adjustment.

Contract Professional Services	FY2024 Enacted	FY2025 Governor	Change
IT System Support	\$551,680	\$1,189,580	\$637,900
Other Professional Services	0	36,000	36,000
Security Services	19,476	3,646	(15,830)
IT System Design	0	7,954	7,954
Other Temporary Services	4,019	4,019	-
IT Programming	3,431	3,431	-
Total	\$578,606	\$1,244,630	\$666,024

LABOR RELATIONS BOARD

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

Labor Relations Board	General Revenue
FY2024 Enacted	\$553,932
<i>Target and Other Adjustments</i>	
Personnel Salary and Benefit Adjustment	(12,135)
FY2025 Governor	\$541,797

Personnel Salary and Benefit Adjustment (\$12,135)

The Budget includes \$541,797 in general revenue to support the salary and benefits of personnel within the Labor Relations Board program, reflecting a decrease of \$12,135 from the FY2024 Enacted Budget. The adjustment includes decreases of \$9,651 for benefits, \$2,459 for salary expenditures, and \$25 for the Statewide Benefit Assessment. The following table illustrates the adjustment.

Personnel Salary and Benefit Adjustment	FY2024 Enacted	FY2025 Governor	Change
Benefits	\$162,821	\$153,170	(\$9,651)
Salaries	320,156	317,697	(2,459)
Statewide Benefit Assessment	12,643	12,618	(25)
Purchased Services	58,312	58,312	-
Total	\$553,932	\$541,797	(\$12,135)

GOVERNOR'S WORKFORCE BOARD

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

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

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

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

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

Governor's Workforce Board	Other Fund Changes
ARPA SFRF: Enhanced Real Jobs (federal funds)	(\$20,000,000)
Centralized Services Adjustment (statewide) (restricted receipts)	114,587
EC4 Project Funding (restricted receipts)	75,000

ARPA SFRF: Enhanced Real Jobs (federal funds) (\$20.0 million)

The Budget removes \$20.0 million in ARPA SFRF due to the conclusion of the Enhanced Real Jobs project in FY2024. The FY2024 Budget as Enacted provided \$30.0 million of federal funds to enhance the ongoing RJRI platform initiative, representing a direct response to the economic impact of the pandemic. The initiative focuses on providing services to individuals facing unemployment, communities of color and low-income communities, small businesses, and industries severely affected by the COVID-19 health emergency and subsequent negative economic impacts. Additionally, the Enhanced Real Jobs program must provide \$3.0 million to the Office of Postsecondary Commission for supportive services.

The Budget includes \$6.1 million in general revenue funding for RJRI, consistent with the enacted level. The program provides both training and placement assistance for job seekers, as well as skills training for

incumbent workers, business owners, and other types of participants. The Real Jobs RI FY2023 Performance Overview Report notes that since the program commenced in 2015, Real Jobs has trained over 35,800 workers, placed 15,800 jobseekers into employment, and served 4,674 unique businesses.

The FY2023 Rhode Island Unified Workforce Development Expenditure and Program Report indicates that RJRI holds 60 sector partnerships with a FY2023 total amount awarded of \$33.6 million, which includes federal funds of \$13.5 million and \$109,780 for programmatic and administrative expenses respectively as well as \$19.2 million and \$730,745 of state funds for programmatic and administrative costs. The Department reports that in FY2022, the average cost per person enrolled was \$2,832, which has increased by \$1,482 to \$4,314 in FY2023. The following table illustrates the program's performance and outcomes in FY2023 as noted in the Unified Workforce Development Expenditure and Program Report.

Program Name	Participants Served	Participants Completed	Completion Percentage	Participants Still Active	Obtained Credentials	Entering Employment
Real Jobs Rhode Island	7,778	5,415	69.6%	1,897	1,872	2,082

Partners receiving the largest appropriations include Skills for Rhode Island's Future, Community College of Rhode Island, the University of Rhode Island Research Foundation, RI Builders Association, and Dorcas International Institute of RI. The following table depicts CY2023 partners who received awards greater than \$400,000 and their funding allocations.

Partnership	FY2023 Award
Skills for Rhode Island's Future	\$7,341,662
Rhode Island Office of the Postsecondary Commissioner*	\$3,585,682
Community College of Rhode Island	\$2,914,032
University of Rhode Island Research Foundation DBA Polaris MEP	\$1,750,604
RI Builders Association	\$1,574,820
Dorcas International Institute of RI	\$1,160,267
Rhode Island College	\$961,135
Amos House	\$948,981
Genesis Center	\$823,421
Community Provider Network of RI-(Perspectives Corporation)	\$730,550
RI Hospital - Lifespan Partner	\$700,784
College Unbound	\$681,814
RI Nursery and Landscape Association	\$667,296
RI Hospitality Association	\$590,825
Rhode Island Marine Trades Association	\$548,936
United Association of Plumbers and Pipefitters, Local 51	\$547,615
The Education Exchange, Inc.	\$535,132
Teamsters Local 251 Driving School	\$521,375
Connecting for Children and Families	\$470,518
Social Enterprise Greenhouse	\$458,053
Foster Forward	\$436,373
RI Institute for Labor Studies	\$401,894
Total	\$28,351,768

*Award is required by the Budget and funds supportive services.

Under the RJRI model, funding is directed to providing career readiness programming, job-related basic skills education (including digital skills), supportive services, financial literacy and coaching, and workforce development training for members of communities hit hardest by COVID-19 and businesses (particularly small business) within industries most impacted by the pandemic. Learning from and expanding upon the Back to Business initiative, this enhanced investment supports training, basic skills education, and wraparound services to ensure that those Rhode Islanders reentering employment do so with new skills and the capacity to succeed, while also providing the state's employers with a skilled workforce ready to increase competitiveness in the new economy. By leveraging the state's existing training and placement platforms, the program connects thousands of Rhode Islanders to the skills and resources they need to return to the workforce in more resilient jobs and careers and provide meaningful workforce solutions for employers in the hardest-hit industries as they emerge from the negative effects of the pandemic. According to the Department, this presents an opportunity to finally address longstanding inequities and systemic challenges facing our state's workers in the hardest-hit communities.

The following table illustrates the wage data by gender and race of Real Jobs participants from CY2019-CY2022. Female participants and Latino participants both realized the greatest change in wages, increasing by 18.0 percent and 16.4 percent respectively.

Wage Data of Real Jobs Participants, 2019-2022

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

Race					
					<i>% Change</i>
Race	2019	2020	2021	2022	<i>from 2019</i>
White	\$37,341	\$38,096	\$40,242	\$42,340	13.4%
Black	33,429	34,413	36,238	38,073	13.9%
Asian	37,161	36,533	38,937	37,306	0.4%
Latino	33,562	34,241	36,434	39,065	16.4%

EC4 Project Funding (restricted receipts)

\$75,000

The Budget includes \$75,000 in restricted receipts for the Department to create an environmental education and workforce grant program. The FY2024 Budget as Enacted provided the Executive Climate Change Coordinating Council (EC4) with a one-time transfer of \$3.0 million in unallocated Regional Greenhouse Gas Initiative (RGGI) funds to create a spending plan that will support Rhode Island's implementation of the Act on Climate. The EC4 Spending Plan for Budget Year 2024 provides the Department of Labor and Training with \$150,000 to create a grant program that focuses on environmental education, professional development, and youth apprentices or internships. The FY2024 Supplemental Budget includes a corresponding \$75,000 of restricted receipts for this initiative.

Department of Revenue

Expenditures By Program	FY2023	FY2024	FY2024	Change from		FY2025	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Director of Revenue	\$2.0	\$2.3	\$2.5	\$0.1	6.2%	\$2.9	\$0.5	22.8%
Division of Collections	0.8	1.0	0.9	(0.1)	-7.0%	1.0	(0.0)	-3.7%
Lottery Division	411.7	391.8	423.6	31.8	8.1%	423.0	31.2	8.0%
Municipal Finance	133.4	1.8	1.6	(0.1)	-7.7%	1.7	(0.0)	-1.0%
Office of Revenue Analysis	0.8	1.0	1.0	0.0	2.8%	1.0	0.0	3.3%
Registry of Motor Vehicles	38.4	36.1	41.7	5.6	15.4%	35.7	(0.5)	-1.3%
State Aid	292.9	326.2	298.2	(28.0)	-8.6%	327.2	1.0	0.3%
Taxation	32.3	39.8	38.9	(1.0)	-2.5%	40.0	0.2	0.4%
Total	\$912.3	\$800.0	\$808.4	\$8.3	1.0%	\$832.5	\$32.4	4.1%

Expenditures By Source								
General Revenue	\$363.5	\$397.7	\$374.4	(\$23.3)	-5.9%	\$399.0	\$1.3	0.3%
Federal Funds	132.4	0.8	0.8	(0.0)	-3.7%	0.8	(0.0)	-2.4%
Restricted Receipts	4.6	9.6	9.5	(0.1)	-0.9%	9.5	(0.1)	-0.8%
Other Funds	411.9	391.9	423.7	31.8	8.1%	423.2	31.2	8.0%
Total	\$912.3	\$800.0	\$808.4	\$8.3	1.0%	\$832.5	\$32.4	4.1%

Authorized FTE Levels	575.5	575.5	587.5	12.0	2.1%	599.5	24.0	4.2%
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\$ in millions. Totals may vary due to rounding.

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

MAJOR ISSUES AND TRENDS

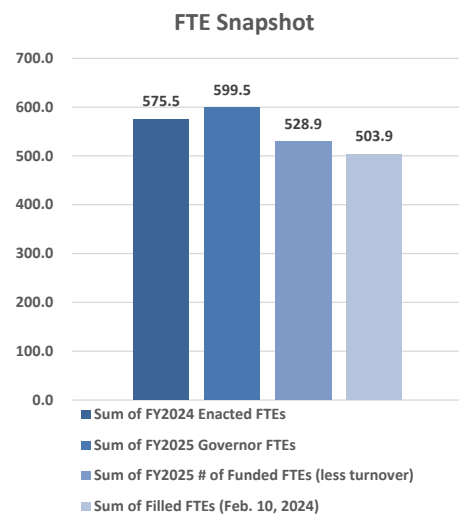
The Governor recommends \$808.4 million from all funds in FY2024 and \$832.5 million in the FY2025, a 1.0 and 4.1 percent increase, respectively. The FY2024 Revised Budget is a net \$8.3 million more than the enacted level, and is primarily related to adjustments in lottery prize payments in the current year and a \$5.4 million reappropriation of funding for license plate reissuance.

The FY2025 Budget is overall \$32.4 million more than the enacted level. This is also related to an increase in lottery payments, as well as increased personnel costs related to iGaming and tax collections.

Important initiatives within the DOR budget include:

Lottery

iGaming: The Governor recommends \$2.4 million in FY2025 to cover the personnel costs of 19.0 new FTE positions within the Division of Lottery. The new staffing supports the implementation, administration, and oversight of the State's recently authorized online gambling programming, known as iGaming. The Division of Lottery launched iGaming on March 1, 2024, with an initial offering of 170 slot games, blackjack, and roulette.



State Aid

- **Tangible Property Reimbursement:** Article 4 of the FY2024 Budget as Enacted provides for a new state aid program that reimburses municipalities the foregone revenue associated with a statewide tangible property tax exemption. The Governor has budgeted an estimated \$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.
- **Distressed Communities Relief Fund:** The Governor recommends level funding the Distressed Community Relief Fund in FY2025 at \$12.4 million in general revenue.
- **Payment in Lieu of Taxes (PILOT):** The Governor budgets \$49.2 million for the State's PILOT program in FY2025, level with the FY2024 enacted amount. Current law requires reimbursement at 27.0 percent of forgone tax revenue, but allows for a ratable reduction if the appropriation is less than this amount. According to the Division of Municipal Finance (DMF), the budgeted amount represents 26.7 percent.
- **Motor Vehicle Excise Tax Reimbursement:** The General Assembly repealed the motor vehicle excise tax in the FY2023 Budget as Enacted. Municipalities are reimbursed annually for lost revenue. For FY2025 the Budget includes \$234.7 million in total general revenue reimbursement funding for cities and towns, equal to the FY2024 enacted level. The Governor also recommends eliminating the sales tax inflator which is estimated to have increased the total aid program by \$7.7 million. Eliminating this calculation removes the administrative burden of counting and tracking automobiles that cities and towns would have to undertake each year.

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

Taxation

- **Proactive Tax Collection Initiatives:** The Governor recommends increased spending for personnel, operating, and contracted services in support of several strategies intended to increase the successful collection of outstanding tax liabilities. The effort is estimated to generate \$10.4 million in new revenue. The initiatives include expansion of the State's delinquent taxpayer list, adding additional staffing focused on proactive collection activity, technology improvements, the hiring of out-of-state attorneys to assist in collecting from nonresidents with outstanding tax liabilities here.
- **Pawtucket TIF Payment:** The Governor includes a \$2.9 million other funds payment to Pawtucket related to the CommerceRI-approved Tidewater Landing development taking place within the City's statutorily-authorized redevelopment district. The Division of Taxation segregates economic activity taxes generated within the district and disburses them to the Pawtucket's Redevelopment Agency (PRA) to finance economic development bonds. The disbursements are made pursuant to General Assembly appropriation and to executed agreements between CommerceRI, Pawtucket, and the developer. The PRA went to market on the financing for the stadium in February 2024, resulting in a 30-year, \$54.0 million bond at 7.5 percent and total debt service of \$131.7 million.

DIRECTOR OF REVENUE

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

Director of Revenue	General Revenue
FY2024 Enacted	\$2,348,848
<i>Target and Other Adjustments</i>	
Centralized Services (statewide adjustment)	343,092
ERP Maintenance and Operations Billings	98,190
Personnel	93,475
FY2025 Governor	\$2,883,605

ERP Maintenance and Operation Billings **\$98,190**

The Budget adds \$98,190 in general revenue to finance the maintenance and operations of the Enterprise Resource Planning (ERP) system beginning January 1, 2025. The ERP system is the IT software that the State uses to manage operational activity such as accounting, procurement, project management, risk management and compliance. The costs are charged per employee to State agencies, and the Budget adjusts their budgets by providing general revenues to cover these costs. The Department of Revenue's anticipated costs for FY2025 is \$98,190.

Personnel **\$93,475**

The Budget includes \$1.5 million in personnel expenditures in FY2025 in the DOR's Office of the Director. This is \$93,475 more than the enacted level. This is primarily associated with anticipated statewide increases in salaries, benefits, retirement, and other personnel costs.

Personnel Category	FY2024 Enacted	FY2024 Governor	Change to Enacted	FY2025 Governor	Change to Enacted
Benefits	\$528,458	\$549,378	\$20,920	\$562,344	\$33,886
Salaries	884,350	926,467	42,117	941,435	57,085
Statewide Benefit Assessment	34,933	36,594	1,661	37,437	2,504
Total	\$1,447,741	\$1,512,439	\$64,698	\$1,541,216	\$93,475

DIVISION OF COLLECTIONS

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

Division of Collections	General Revenue
FY2024 Enacted	\$1,002,552
<i>Target and Other Adjustments</i>	
Personnel	(37,114)
FY2025 Governor	\$965,438

Personnel **(\$37,114)**

The Budget includes \$965,438 in personnel expenditures in FY2025 in the DOR's Division of Collections. This is a net \$37,114 reduction as compared to the Division's enacted level for personnel. This is primarily associated with a budgeted turnover savings of \$43,030, offset by other changes in salaries, benefits, retirement, and other personnel costs.

Personnel Category	FY2024 Enacted	FY2024 Governor	Change to Enacted	FY2025 Governor	Change to Enacted
Benefits	\$434,077	\$430,248	(\$3,829)	\$446,630	\$12,553
Salaries	546,873	482,637	(64,236)	498,971	(47,902)
Statewide Benefit Assessment	21,602	19,063	(2,539)	19,837	(1,765)
Total	\$1,002,552	\$931,948	(\$70,604)	\$965,438	(\$37,114)

LOTTERY DIVISION

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

Lottery Division	Other Funds Changes
FY2024 Enacted	\$391,759,764
<hr/>	
<i>Target and Other Adjustments</i>	<i>(3,621,228)</i>
Commission and Prize Payments	32,403,726
Personnel	2,439,668
FY2025 Governor	\$422,981,930

Commissions and Prize Payments (other funds)**\$32.4 million**

The net increase of \$32.4 million in Commissions and Prize Payments is based on the November 2023 Revenue Estimating Conference (REC) estimates of VLT net terminal income and other lottery games. Net terminal income from VLTs is estimated to total \$529.4 million and net table game revenue (NTGR) is estimated to total \$142.6 million. NTGR is deposited in the State lottery fund for administrative purposes with commissions distributed to Twin River and deductions made for casino operating expenses. The balance is remitted to the general fund.

Personnel**\$2.4 million**

The Governor recommends \$2.4 million in Lottery funds in FY2025 to cover the personnel costs of 19.0 new FTE positions within the Division of Lottery. The new staffing supports the implementation, administration, and oversight of the State's recently authorized online gambling programming, known as iGaming.

iGaming replicates casino-based gambling experience through online and digital applications, including live table games and slots. In June 2023, the General Assembly authorized iGaming and on March 1, 2024 it launched with an initial mix of 170 slot games, blackjack, and roulette and eventually increase to four more table games including poker. The Bally's Corporation, through a joint venture with International Game Technology PLC (IGT), is the exclusive iGaming platform in the state. Bally's has also constructed iGaming table game studios at the Twin River Casino that can be expanded when additional table games are added. In order to meet the March "go live" deadline as well as effectively oversee the program, the Division began recruiting staff in FY2024. These include a 1.0 Assistant Controller, 2.0 Casino Compliance Supervisors, 4.0 Casino Gaming Operations Investigators, 1.0 Information Technology Security Manager, 1.0 Internal Auditor, 1.0 Problem Gambling Program Manager, 1.0 Software Support Specialist, and 1.0 Ticket Accounting Clerk. The current year costs for these are \$639,795. This increases to \$2.4 million in FY2025 with the expectation of another 7.0 FTE positions in FY2025, for a total of 19.0.

DIVISION OF MUNICIPAL FINANCE

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

Division of Municipal Finance	General Revenue
FY2024 Enacted	\$1,759,431
<i>Target and Other Adjustments</i>	<i>(17,734)</i>
FY2025 Governor	\$1,741,697

OFFICE OF REVENUE ANALYSIS

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

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

DIVISION OF MOTOR VEHICLES

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

Division of Motor Vehicles	General Revenue
FY2024 Enacted	\$31,812,522
<i>Target and Other Adjustments</i>	<i>\$354,783</i>
Operating Supplies and Expenses	(960,561)
FY2025 Governor	\$31,206,744

Division of Motor Vehicles	Other Funds Changes
License Plate Reissuance	Informational

Operating Supplies and Expenses **(\$960,561)**

The Budget includes \$7.9 million in general revenue for the DMV's operating supplies and expenses in FY2025. This is a net \$960,561 decrease as compared to the enacted level. This changes include a \$750,000 reduction in miscellaneous expenses reflecting a one-time expenditure in FY2024 for the purchase of the Division's mobile motor vehicle registry which operates in Warren and Westerly several times a week; a \$234,264 increase in software maintenance expenditures related to upgrading the Division's reservation system to include greater privacy security protections; a net \$68,750 reduction in statewide centralized services adjustments; and a net \$376 reduction in other expenses as summarized in the following table:

Operating Supplies and Expenses	FY2024 Enacted	FY2024 Governor	Change from Enacted	FY2025 Governor	Change from Enacted
Miscellaneous Expenses	\$750,000	\$750,000	-	-	(\$750,000)
Information Technology Charges	2,539,767	2,539,767	-	2,113,733	(426,034)
Signage/Sign Painting/Lettering	893,000	3,405,674	2,512,674	500,000	(393,000)
Facilities Management	1,579,891	1,476,999	(102,892)	1,937,175	357,284
Software Maintenance Agreements	308,335	542,599	234,264	542,599	234,264
Fees: Drivers Licencing Img	1,431,256	1,331,256	(100,000)	1,281,256	(150,000)
Rental of Outside Property	249,412	235,348	(14,064)	339,939	90,527
Fees: Miscellaneous	325	36,325	36,000	36,325	36,000
DOIT: Maintenance Contracts	-	21,500	21,500	21,500	21,500
Mileage Allowance	79,000	89,000	10,000	89,000	10,000
Security/Safety Supplies	35,510	45,510	10,000	45,510	10,000
Waste Disposal	6,800	2,800	(4,000)	2,800	(4,000)
Dues and Fees	970,928	972,442	1,514	972,442	1,514
Fuel: Natural Gas	2,344	3,343	999	3,728	1,384
Total	\$8,846,568	\$11,452,563	\$2,605,995	\$7,886,007	(\$960,561)

License Plate Reissuance**Informational**

The FY2023 Budget as Enacted included \$8.5 million in general revenue to fund the statutorily required reissuance of motor vehicle license plates. This includes \$5.7 million for the production of the new plates and \$2.8 million for postage. Pursuant to Article 1 of the FY2023 Budget as Enacted, all unexpended funds for the reissuance are automatically reappropriated into subsequent fiscal years. The Governor includes \$5.4 million to be reappropriated in FY2024.

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

STATE AID

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

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

State Aid	General Revenue
FY2024 Enacted	\$325,204,506
<i>Target and Other Adjustments</i>	-
Property Revaluation Program	981,119
FY2025 Governor	\$326,185,625

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

The Budget includes \$1.9 million in general revenue for the Property Revaluation program in FY2025, reflecting an increase of \$981,119 relative to the 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.

DIVISION OF TAXATION

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

Division of Taxation	General Revenue
FY2024 Enacted	\$34,604,969
<i>Target and Other Adjustments</i>	<i>(351,500)</i>
Proactive Tax Collection Initiative	769,304
FY2025 Governor	\$35,022,773

Division of Taxation	Other Funds Changes
Tax Increment Financing Disbursement to Pawtucket (restricted receipts)	Informational

Proactive Tax Collection Initiatives **\$769,304**

In FY2025, the Governor recommends \$769,304 in personnel, operating, and contracted services expenditures in support of several strategies intended to increase the successful collection of outstanding tax liabilities. The effort is estimated to generate \$10.4 million in new revenue. The initiatives include:

- **Delinquent Taxpayer List:** The Governor proposes to expand the criteria used by the Division of Taxation when identifying which delinquent taxpayers to 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.
- **Staffing/Overtime:** The Governor recommends increasing staff and overtime related to collections. The Governor recommends funding for 3.0 new Taxpayer Assistance Representatives FTE positions and increased overtime within the Division of Taxation. The new staff and work hours will support proactive collections activity. The Budget includes an increase of \$269,304 for these personnel costs.
- **Technology Improvements:** The Governor also recommends procuring additional collections-related services. The Division of Taxation utilizes data from contracted technology services to augment its collections capacity. The Governor recommends \$250,000 to procure more of these services.
- **Out-of-State Attorneys:** Lastly, the Governor recommends hiring attorneys in other states to assist Taxation with collections from nonresidents that have Rhode Island tax liabilities. The Budget includes \$250,000 to fund these contracted services.

Initiative	Impact	
	Rev.	Expend.
Increased Overtime and Staffing	\$5.0	\$0.3
Expand Delinquent List	3.4	-
New Technology Vendor	1.5	0.3
Out-of-State Attorneys	0.5	0.3
Total	\$10.4	\$0.8

\$ in millions

Tax Increment Financing Disbursement to Pawtucket (restricted receipts)

Informational

Legislation enacted in 2019 established several geographical districts within downtown Pawtucket in which any incremental tax revenues generated by new economic development would be made available to the

City. CommerceRI is charged with certifying these new “economic activity tax” revenues and the Division of Taxation segregates them into their own account. Taxation disburses these Pawtucket Redevelopment Activity Funds as directed by General Assembly appropriation. In 2021, prior to any new development taking place, DOR calculated the baseline revenues occurring within the district to be \$8.9 million.

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

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

In February 2024, the PRA issued \$54.2 million in bonds to secure the \$27.0 million (the difference between the bond issuance and the pledged funds includes the costs of issuance, administrative expenses, and a pair of reserve accounts). The net debt service over the 30-year term of the bonds is \$131.7 million. The Budget includes \$2.9 million (entirely from baseline revenue generated within the TIF zone) to be made available to the PRA for debt service payments in FY2025.

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

CAPITAL PROJECTS

HVAC: The Governor recommends \$1.0 million in Lottery funds in FY2025-FY2026 to finance the replacement HVAC system for the Division’s headquarters in Cranston.

Generator: The Budget includes \$850,000 from the Rhode Island Capital Plan Fund in FY2024 to pay for the installation of a generator at the Lottery which will be used as a backup power source in the event of a power outage.

iGaming Operational Capacity: The Budget also includes \$1.1 million from Lottery Funds 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.

Legislature

Expenditures By Program	FY2023	FY2024	FY2024	Change from		FY2025	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Auditor General	\$5.4	\$7.0	\$7.3	\$0.3	4.2%	\$7.4	\$0.4	5.4%
Fiscal Advisory Staff	2.1	2.4	2.5	0.1	3.8%	2.5	0.1	4.1%
General Assembly	7.9	7.3	9.3	2.0	28.0%	8.3	1.0	14.4%
Joint Comm. on Legislative Services	27.9	31.1	35.2	4.1	13.1%	32.1	1.1	3.4%
Legislative Council	3.6	5.3	5.6	0.3	5.4%	5.4	0.1	2.1%
Special Legislative Commissions	0.0	0.0	0.0	(0.0)	(0.0)	0.0	-	-
Total	\$46.8	\$53.1	\$59.9	\$6.8	12.8%	\$55.8	\$2.7	5.1%

General Revenue	\$45.1	\$51.0	\$57.5	\$6.5	12.7%	\$53.4	\$2.4	4.6%
Federal Funds	0.0	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
Restricted Receipts	1.7	2.1	2.4	0.3	15.1%	2.4	0.3	16.3%
Total	\$46.8	\$53.1	\$59.9	\$6.8	12.8%	\$55.8	\$2.7	5.1%

Authorized FTE Levels	298.5	298.5	298.5	-	-	298.5	-	-
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\$ in millions. Totals may vary due to rounding.

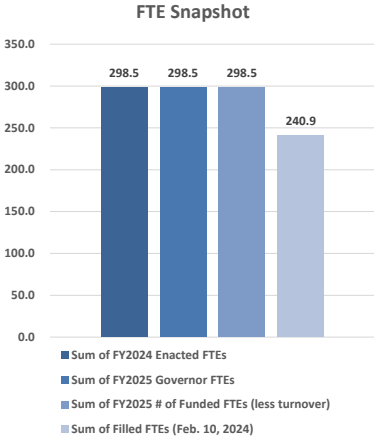
The Rhode Island General Assembly enacts laws, develops state policy, and evaluates programs through the appropriation process. The General Assembly consists of six programs which assist in executing its constitutional role:

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

MAJOR ISSUES AND TRENDS

The Budget provides \$55.8 million in FY2025 and \$59.9 million in FY2024 for the Legislature, including \$53.4 million and \$57.5 million in general revenue, respectively. Under RIGL 35-3-15, all unexpended balances of general revenue appropriations to the General Assembly are reappropriated in the following fiscal year for the same purposes. The General Assembly closed FY2023 with a surplus of \$12.5 million; however, it only requested \$6.3 million of this to be reappropriated in FY2024, with the remaining \$6.2 million becoming a part of the general surplus.

The table below summarizes the recommended general revenue budget by category for FY2024 and FY2025.



Category	FY2024 Enacted	FY2024 Governor	Change from Enacted	FY2025 Governor	Change from Enacted
Salary and Benefits	\$42.7	\$44.1	\$1.5	\$44.4	\$1.8
Operating Supplies and Expenses	4.3	6.8	2.4	4.7	0.4
Assistance and Grants	2.3	2.3	0.0	2.3	0.0
Contract Professional Services	0.9	2.5	1.6	1.1	0.2
Capital Purchases and Equipment	0.8	1.8	1.0	0.8	0.0
Total	\$51.0	\$57.5	\$6.5	\$53.4	\$2.4

\$ in millions

Personnel: The \$2.4 million increase in FY2025 over the enacted level is primarily related to a \$1.7 million increase in personnel costs, including an 8.5 percent growth in employee health benefit rates. The Budget provides for 298.5 FTE positions for FY2023 and FY2024, consistent with the FY2023 Budget as Enacted.

Personnel Category	FY2024 Enacted	FY2024 Governor	Change to Enacted	FY2025 Governor	Change to Enacted
Benefits	\$15,870,099	\$16,606,432	\$736,333	\$16,908,233	\$1,038,134
Salaries	25,795,150	26,489,830	694,680	26,489,831	694,681
Statewide Benefit Assessment	996,349	1,019,690	23,341	1,019,690	23,341
Total	\$42,661,598	\$44,115,952	\$1,454,354	\$44,417,754	\$1,756,156

Operating: The Budget also includes a net \$363,314 increase in operating expenditures, reflecting changes in agency charges for centralized services, including information technology billings.

Auditor General: The Budget also includes \$2.4 million in restricted receipts in FY2025. These funds are dedicated to the Auditor General's office. They are derived from a 0.5 percent audit fee that is assessed on all federal grants in State departments and are used to finance personnel costs associated with the Auditor General's annual Single Audit Report.

Lieutenant Governor

Expenditures By Program	FY2023 Actual	FY2024 Enacted	FY2024 Governor	Change from Enacted		FY2025 Governor	Change from Enacted	
Lieutenant Governor	\$1.3	\$1.4	\$1.4	\$0.0	0.0%	\$1.4	\$0.0	2.1%
Expenditures By Source								
General Revenue	\$1.3	\$1.4	\$1.4	\$0.0	-	\$1.4	\$0.0	2.1%
Federal Funds	(0.0)	-	-	-	-	-	-	-
Total	\$1.3	\$1.4	\$1.4	\$0.0	-	\$1.4	\$0.0	2.1%
Authorized FTE Levels	8.0	8.0	8.0	-	-	8.0	-	-

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

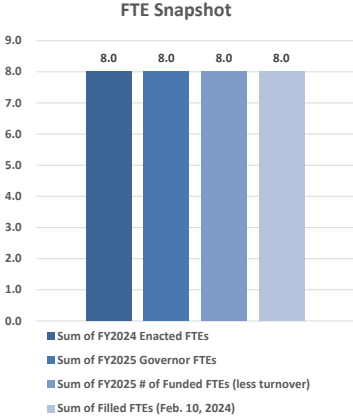
The Office of the Lieutenant Governor is one of the five general offices subject to voter election under the Constitution of Rhode Island. The Lieutenant Governor fulfills the executive responsibilities of the Governor upon his/her death, resignation, impeachment or inability to serve. The Lieutenant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

MAJOR ISSUES AND TRENDS

The Office of the Lieutenant Governor’s budget is financed entirely by general revenue. The FY2024 Budget as Enacted included \$1.4 million in general revenue. The FY2024 Revised Budget includes an increase of \$3,060.

The FY2025 Budget includes \$1.4 million, with an increase of \$35,684. Salary and benefit costs increase a net \$46,075 for the medical benefit costs and the elimination of turnover savings in FY2025.

The Budget includes 8.0 FTE positions for FY2024 and FY2025, consistent with the enacted budget.



Lieutenant Governor	General Revenue
FY2024 Enacted	\$1,411,331
<i>Target and Other Adjustments</i>	
Personnel Adjustments	46,075
Centralized Service Charges (statewide adjustments)	32,559
Contracted Services	(25,000)
FY2025 Governor	\$1,447,015

Personnel Adjustments \$46,075

The Budget increases general revenue by \$46,075 for personnel adjustments, reflecting \$20,997 for salary and turnover restoration, and \$25,078 for benefit adjustments.

Contracted Services

(\$25,000)

The Budget decreases general revenue expenditures by \$25,000, reflecting an \$18,000 decrease for legal services based on the Office of the Lieutenant Governor's historic use of legal services. The Budget also decreases by \$7,000 for staff training and education costs.

Office of the Secretary of State

Expenditures By Program	FY2023	FY2024	FY2024	Change from		FY2025	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Administration	\$4.2	\$4.6	\$4.9	\$0.3	5.6%	\$5.1	\$0.4	9.5%
Corporations	2.6	2.8	2.8	-	0.0%	2.8	(0.0)	-0.4%
State Archives	0.7	0.8	0.7	(0.0)	-5.7%	4.5	3.7	493.9%
Elections and Civics	4.0	4.7	3.5	(1.1)	-24.4%	4.5	(0.2)	-3.9%
State Library	0.9	0.9	0.6	(0.2)	-27.0%	0.6	(0.2)	-26.2%
Office of Public Information	0.5	0.7	0.7	0.1	7.8%	0.8	0.1	16.5%
Total	\$13.0	\$14.4	\$13.3	(\$1.1)	-7.7%	\$18.3	\$3.9	26.8%

Expenditures By Source								
General Revenue	\$12.0	\$11.8	\$10.9	(\$0.9)	-7.9%	\$12.1	\$0.3	2.4%
Federal Funds	0.6	2.0	2.0	-	-	2.0	-	-
Restricted Receipts	0.5	0.6	0.4	(0.2)	-29.8%	0.4	(0.2)	-29.8%
Operating Transfers from Other Funds	-	-	-	-	-	3.8	3.8	-
Grand Total	\$13.0	\$14.4	\$13.3	(\$1.1)	-7.7%	\$18.3	\$3.9	26.8%

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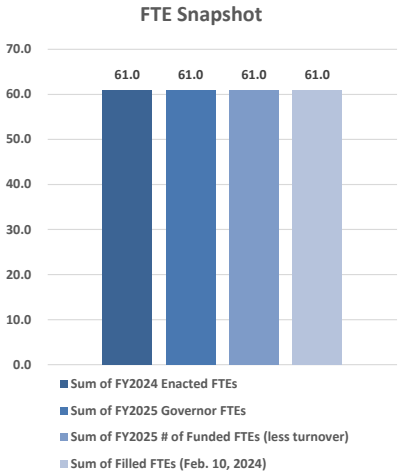
\$ in millions. Totals may vary due to rounding.

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

MAJOR ISSUES AND TRENDS

The FY2024 Revised Budget decreases by \$937,599 in general revenue (\$1.1 million all funds) from the FY2024 Budget as Enacted, primarily as a result of a \$1.1 million decrease in Software Maintenance Agreements due to the Board of Elections now being responsible for the cost of purchasing and maintaining voting equipment.

For FY2025, all fund expenditures increase by \$3.9 million, primarily due to the inclusion of \$3.8 million in RICAP funds for the construction of a new Rhode Island Archive and History Center. General revenue increases a net \$272,398, reflecting administrative changes to position titles and shifts to establish the Civic Education Initiative. The Budget includes \$2.2 million in general revenue for election expenses, a net decrease of \$186,117 as compared to the FY2024 Budget as Enacted,



The Budget includes 61.0 FTE positions in FY2024 and in FY2025, consistent with the enacted budget.

ADMINISTRATION

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

Administration	General Revenue
FY2024 Enacted	\$4,639,961
<i>Target and Other Adjustments</i>	
Personnel Adjustments	339,735
Operating Adjustments	97,044
FY2025 Governor	\$5,076,740

Personnel Adjustments **\$339,735**

The Budget includes \$3.9 million in general revenue covering salary and benefits, reflecting an increase of \$243,651 in wages and a \$96,084 increase in benefits. The new administration of the Secretary of State changed several titles and shifted two positions from other programs into Administration, primarily to establish the Civic Education Initiative.

Personnel Adjustments	FY2024 Enacted	FY2025 Governor	Change
Assessed Fringe Benefits	\$88,469	\$97,980	\$9,511
Defined Contribution Plan	21,529	21,312	(217)
Dental Insurance	12,154	10,269	(1,885)
Employees' Retirement	648,839	707,937	59,098
FICA: Medicare	32,663	36,196	3,533
FICA: Social Security	137,736	154,768	17,032
Longevity Pay	15,026	34,868	19,842
Medical Insurance	262,179	274,513	12,334
Medical Insurance Waiver Bonus	6,006	5,005	(1,001)
Payroll Accrual	13,010	14,383	1,373
Regular Wages	2,224,665	2,445,646	220,981
Retiree Health Insurance	101,234	97,731	(3,503)
Seasonal/Special Salaries/Wages	12,922	15,750	2,828
Vision Insurance	1,872	1,681	(191)
Total	\$3,578,304	\$3,918,039	\$339,735

Operating Adjustments **\$97,044**

The Budget increases general revenue by \$97,044 for operating adjustments within the Administration program. The largest change is an increase of \$44,000 for computer equipment maintenance, which is due to increases in support, warranty, and maintenance contracts. Internet services increases \$31,418 as a result of centralizing internet service costs in the administration program, that had been previously budgeted across all programs. The remaining \$21,626 in this category is made up of various smaller expense adjustments.

Operating Adjustments	FY2024 Enacted	FY2025 Governor	Change
Maintenance/Repairs: Computer Equipment	\$122,800	\$166,800	\$44,000
Internet Services	127,727	159,145	31,418
All Other Operating	494,715	516,341	21,626
Total	\$745,242	\$842,286	\$97,044

STATE ARCHIVES

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

State Archives	General Revenue
FY2024 Enacted	\$198,351
<i>Target and Other Adjustments</i>	
Personnel Adjustments	107,596
Operating Adjustments	43,615
FY2025 Governor	\$349,562

State Archives	Other Fund Changes
RICAP - Rhode Island Archives and History Center (other funds)	\$3,757,444
Historical Records Trust (restricted receipts)	<i>Informational</i>

Personnel Adjustments **\$107,596**

The Budget adds \$107,596 in general revenue for personnel expenses to offset declining restricted receipts resources from the Historical Records Trust. The Historical Records Trust has faced declining receipts and rising expenditures in recent years, resulting in the erosion of its balance. To preserve the Trust, the Budget allocates the 4.0 FTEs to general revenue for the first time, replacing the prior 100.0 percent personnel cost allocation to restricted receipts from the Historical Records Trust, with a personnel cost allocation of 29.0 percent to general revenue and 71.0 percent to the Historical Records Trust. The Budget also transfers in a position from the Office of Public Information and eliminates a higher paid position (repurposed in Administration) and adds an intern fully allocated to general revenue. The result is a general revenue increase of \$69,243 for salary and wages and a \$38,353 increase for benefits, and a decrease in restricted receipts of \$77,684 for salary and wages and \$47,907 for benefits.

Operating Adjustments **\$43,615**

The Budget includes \$238,466 in general revenue for the operating expenses in the State Archive program, reflecting an increase of \$43,615 as compared to the FY2024 Budget as Enacted. The increase in general revenue is used to partially offset decreases in restricted receipt expenses in the program to preserve funds in the Historic Records Trust. In addition, the increase also includes a \$9,300 increase in electricity costs.

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

The Budget uses the Historical Records Trust to fund certain personnel and operating costs in the State Archives program. The FY2025 Budget decreases restricted receipt expenditures for personnel costs in the State Archive program thereby increasing the amount of general revenue needed to cover those costs, to offset declining restricted receipts resources from the Historic Records Trust.

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

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 Governor	FY2025 Governor
Balance Forward	\$44,136	\$62,239	\$41,995	\$14,665	\$119,975	\$123,167	\$9,728	\$453
Receipts	431,942	409,104	440,709	576,390	549,703	375,902	375,000	385,000
Expenditures	413,839	429,348	468,039	471,080	546,511	489,341	384,275	384,347
Cash Forward	\$62,239	\$41,995	\$14,665	\$119,975	\$123,167	\$9,728	\$453	\$1,106

CORPORATIONS

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

Corporations	General Revenue
FY2024 Enacted	\$2,815,916
<i>Target and Other Adjustments</i>	<i>15,106</i>
Operating Adjustments	(23,292)
FY2025 Governor	\$2,807,730

Operating Adjustments **(\$23,292)**

The Budget decreases \$23,292 in general revenue primarily reflecting a net adjustment for decreases of \$50,000 for computer supplies and equipment, \$26,000 for internet services (shifted to the Administration program), and \$20,000 for electricity costs. The decreases are offset by an increase of \$55,000 for postage.

Operating Adjustments	FY2024 Enacted	FY2025 Governor	Change
Postage and Postal Services	\$80,000	\$135,000	\$55,000
Computer Supplies/Software & Equipmen	70,000	20,000	(50,000)
Internet Services	26,000	-	(26,000)
CUF : Electricity	50,000	30,000	(20,000)
All Other Operating	282,412	300,120	17,708
Total	\$508,412	\$485,120	(\$23,292)

ELECTIONS AND CIVICS

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

Elections and Civics	General Revenue
FY2024 Enacted	\$2,676,107
<i>Target and Other Adjustments</i>	<i>-</i>
Election Costs	(186,117)
FY2025 Governor	\$2,489,990

Election Costs **(\$186,117)**

The Budget includes \$2.2 million in general revenue for election expenses, a net decrease of \$186,117 as compared to the FY2024 Budget as Enacted, reflecting that FY2025 is not in the general election cycle, but does include General Assembly elections and referenda questions. Costs associated with the printing, mailing of ballots and referenda materials, and advertising expenses increase to reflect the General Assembly elections and referenda, but are offset by the reduction \$1.3 million for the software management agreements, due to the Board of Elections now being responsible for the cost of purchasing and maintaining voting equipment.

Expense of Regular/Special Elections	FY2024 Enacted	FY2025 Governor	Change
Software Maintenance Agreements	\$1,290,811	\$0	(\$1,290,811)
Printing - Outside Vendors	240,000	1,125,000	885,000
Postage and Postal Svcs	95,000	195,000	100,000
Referenda Printing	-	95,000	95,000
Advertising	15,000	70,000	55,000
Personnel Expenses	610,817	591,231	(19,586)
All Other Expenses	177,479	166,759	(10,720)
Total	\$2,429,107	\$2,242,990	(\$186,117)

STATE LIBRARY

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

State Library	General Revenue
FY2024 Enacted	\$879,042
<i>Target and Other Adjustments</i>	<i>3,206</i>
Personnel Adjustments	(232,998)
FY2025 Governor	\$649,250

Personnel Adjustments **(\$232,998)**

The Budget includes \$421,275 in general revenue for salary and employee benefits in the State Library program, reflecting a reduction of \$232,998 from the FY2024 Budget as Enacted. The reduction is a result of transferring a 1.0 Public Information and Visitor Center position to the Office of Public Information and the elimination of a 1.0 Associate Director of Education and Public Programs position that was repurposed as a 1.0 Deputy Director of Civic Education in the Agency's Administration program. The recommendation consists of a \$145,005 decrease in wages and a \$91,462 decrease in benefits.

OFFICE OF PUBLIC INFORMATION

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

Office of Public Information	General Revenue
FY2024 Enacted	\$630,466
<i>Target and Other Adjustments</i>	<i>(6,000)</i>
Operating Adjustments	108,650
Personnel Adjustments	60,853
State House Tours	(55,000)
FY2025 Governor	\$738,969

Operating Adjustments **\$108,650**

The Budget increases general revenue by \$108,650, including a \$63,250 increase in program supplies and equipment primarily composed of \$30,000 for the State House tour program and \$20,000 for the student civic liaison program. There is a \$13,900 increase in subscriptions for Advocacy Hub, a legislative advocacy online program to research and track legislation and legislators.

Analyst Note: In April 2019, the State Library and Office of Public Information did a survey scan on different bill tracking databases. Advocacy Hub is the only one with the array of features that the Office of the Secretary of State

determined that met the State’s needs, including bill tracking, nightly updates on bill movement, companion bill search feature, and every action on every bill introduced since 2007. The Advocacy Hub product specializes in tracking legislation specific to Rhode Island. The information is updated with minimal real-time delay, which improves the efficacy to respond to constituent questions and needs regarding legislation.

Lastly, the Budget includes \$11,000 for printing, most of which would fund the biennial printing of the RI Government Owner's Manual. This is an increase of \$7,000 over the enacted level and is \$25,000 less than the Agency’s request. The General Assembly enacted legislation in 2023 striking the Secretary’s responsibility to print a substantial number of copies of the Government Owner's Manual, and instead required the Office of the Secretary of State to maintain an up-to-date online directory of government officials, leaving only a requirement for the agency to print a limited number of physical copies.

Operating Adjustments	FY2024 Enacted	FY2025 Governor	Change
Program Supplies & Equipment	\$0	\$63,250	\$63,250
Subscriptions	3,100	17,000	13,900
Printing - Outside Vendors	4,000	11,000	7,000
All Other Operating	134,600	159,100	24,500
Total	\$141,700	\$250,350	\$108,650

Personnel Adjustments **\$60,853**

The Budget increases general revenue by a net \$60,853, reflecting the addition of a non-FTE, seasonal employee position that does not receive benefits to serve as the RI 250 Program Coordinator at a cost of \$74,451. This is offset by other salary and benefit adjustments including the transfers of a position in from the Library program and a transfer of a position out to the Archives program.

State House Tours **(\$55,000)**

The Budget eliminates the \$55,000 general revenue transfer to Rhode Island College to conduct the State House Tours as the college is no longer involved with the tours. The tours are now conducted by staff.

RECORDS CENTER

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

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

	FY2022	FY2023	FY2024	FY2024		FY2025	
Records Center Fund - ISF	Actual	Actual	Enacted	Governor	Change	Governor	Change
Personnel	\$336,907	\$339,561	\$591,503	\$550,103	(\$41,400)	\$556,034	(\$35,469)
Contract Services	49,689	28,920	56,293	67,293	11,000	56,293	-
Operations	532,159	613,683	527,630	550,110	22,480	552,220	24,590
Capital Equipment	-	-	-	-	-	2,000	2,000
Total	\$918,755	\$982,164	\$1,175,426	\$1,167,506	(\$7,920)	\$1,166,547	(\$8,879)

RICAP – Rhode Island Archives and History Center (other funds) **\$3.8 million**

The Budget includes \$3.8 million in RICAP funds to cover project costs in FY2025 for a new Rhode Island Archives and History Center.

As part of the FY2025 Budget, the Governor proposes a ballot question to allow the issuance of \$60.0 million in general obligation bonds for the construction of a new \$101.7 million Rhode Island State

Archives and History Center. The bond funding represents only a portion of total project costs, with a request for \$10.0 million from Rhode Island Capital Plan funding and \$31.7 million from a combination of federal and private grant funding bringing the total project cost to \$101.7 million.

Currently, the State Archives, consisting of millions of historically significant documents, (including several copies of the Declaration of Independence, images, and past records dating back to 1638) are currently housed in commercial leased office space.

The State Archives Center proposal utilizes the same design plan originally developed under the previous Secretary of State in 2018, but cost projections are updated to account for inflation. The Center is proposed to be a 52,000 sq. ft. facility located along Smith Street in Providence, north of the State House and directly in front of the Department of Administration building.

Analyst Note: If the ballot question is approved, projected RICAP appropriations are \$3.9 million in FY2026 and \$2.3 million in FY2027.

Office of the General Treasurer

Expenditures By Program	FY2023 Actual	FY2024 Enacted	FY2024 Governor	Change from Enacted		FY2025 Governor	Change from Enacted	
General Treasurer	\$3.8	\$4.1	\$4.0	(\$0.1)	-2.4%	\$4.0	(\$0.2)	-4.1%
Employees' Retirement System	10.6	15.4	15.1	(0.4)	-2.3%	14.2	(1.2)	-7.5%
Unclaimed Property	2.3	2.6	2.8	0.2	6.1%	3.0	0.4	14.6%
Crime Victim Compensation Program	1.4	1.9	1.7	(0.2)	-10.1%	1.7	(0.2)	-9.1%
Total	\$18.0	\$24.0	\$23.5	(\$0.5)	-2.1%	\$22.9	(\$1.1)	-4.8%

Expenditures By Source	FY2023 Actual	FY2024 Enacted	FY2024 Governor	Change from Enacted		FY2025 Governor	Change from Enacted	
General Revenue	\$3.6	\$4.0	\$4.0	(\$0.0)	-0.3%	\$3.9	(\$0.1)	-2.0%
Federal Funds	0.7	0.8	0.8	(0.0)	-0.4%	0.8	(0.0)	-0.4%
Restricted Receipts	13.1	18.6	18.2	(0.4)	-2.0%	17.6	(1.0)	-5.2%
Other Funds	0.6	0.7	0.6	(0.1)	(0.1)	0.6	(0.1)	-13.5%
Grand Total	\$18.0	\$24.0	\$23.5	(\$0.5)	-2.1%	\$22.9	(\$1.1)	-4.8%

Authorized FTE Levels	89.0	91.0	91.0	-	-	91.0	-	-
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\$ in millions. Totals may vary due to rounding.

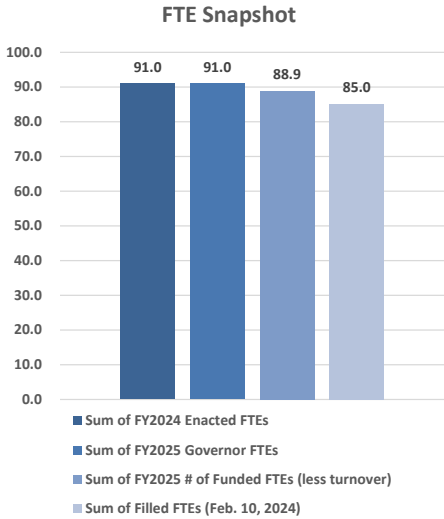
The Rhode Island Constitution establishes the Office of the General Treasurer (Treasury), one of five general offices subject to voter election. The General Treasurer is charged with the safe and prudent management of the State’s finances. The Treasury budget includes Treasury operations, the Employees’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

MAJOR ISSUES AND TRENDS

The FY2024 Revised Budget includes \$23.5 million, of which \$4.0 million (16.9 percent) is general revenue. This reflects a net all funds decrease of \$499,425, primarily due to a decrease of \$380,878 in restricted receipts and a decrease of \$100,307 in other funds, reflecting a decrease of a 0.6 FTE cost allocation for administration costs of the Tuition Savings Program.

The FY2025 Budget includes \$22.9 million, of which \$3.9 million (17.1 percent) is general revenue. This reflects an all funds decrease of \$1.1 million from the FY2024 Budget as Enacted, primarily reflecting a decrease of \$1.2 million in restricted receipt expenses within the State Retirement System for IT contracted services.

The Budget provides 91.0 FTE positions in FY2024 and in FY2025, consistent with the enacted authorized FTE level.



GENERAL TREASURY

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

General Treasury	General Revenue
FY2024 Enacted	\$3,096,255
<i>Target and Other Adjustments</i>	37,867
Debt Affordability Study	(80,000)
Centralized Service Charges (statewide adjustments)	(31,172)
FY2025 Governor	\$3,022,950

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

The Budget removes \$80,000 in general revenue, reflecting the biennial expenditure related to the publication of the Treasurer's report on debt affordability for the State. The current publication was released on February 9, 2024, and the next publication is due during FY2026.

EMPLOYEES' RETIREMENT SYSTEM

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

Employees' Retirement System	Other Fund Changes
Contract Service (restricted receipts)	(\$1,130,000)
Personnel Adjustments (restricted receipts)	(146,286)
Operating Adjustments (restricted receipts)	100,500
Treasury Relocation Placeholder (restricted receipts)	65,000

Contract Services (restricted receipts) **(\$1.1 million)**

The Budget includes \$3.8 million in restricted receipts for contracted services at the State Retirement System. This reflects a decrease of \$1.1 million, which is mainly attributable to IT system support, actuarial services, and temporary employee services, that were used as part of a three-year data validation project.

Contract Services	FY2024 Enacted	FY2025 Governor	Change
IT System Support	\$2,650,000	\$2,100,000	(\$550,000)
Actuary	700,000	400,000	(300,000)
Temporary Services	300,000	180,000	(120,000)
All Other Contract Services	1,242,000	1,082,000	(160,000)
Total	\$4,892,000	\$3,762,000	(\$1,130,000)

Personnel Adjustments (restricted receipts) **(\$146,286)**

The Budget decreases restricted receipts by \$146,286 for salary and benefit adjustments for the Retirement System's 45.0 FTE positions plus cost allocations of another 28.0 FTE positions. This is \$146,286 less than enacted and assumes turnover equivalent to approximately one position and revisions to cost allocations.

Personnel Adjustments	FY2024 Enacted	FY2025 Governor	Change
Regular Wages	\$4,956,572	\$4,831,484	(\$125,088)
Medical Insurance	691,970	745,311	53,341
Employees' Retirement	1,452,615	1,399,598	(53,017)
Retiree Health Insurance	226,644	193,217	(33,427)
All Other Personnel	914,792	926,697	11,905
Total	\$8,242,593	\$8,096,307	(\$146,286)

Operating Adjustments (restricted receipts) \$100,500

The Budget includes \$1.7 million in restricted receipts in FY2025 for operating expenses, reflecting a net increase of \$100,500 from the FY2024 Budget as Enacted. The largest adjustment is an increase of \$301,000 software maintenance agreements. According to Treasury, this item recognizes an accounting change regarding standard Government Accounting Standards Board rule 96 (GASB96), which changes the way that subscription-based IT agreements (SBITAs) are reported in financial statements to record both subscription assets and liabilities of SBITAs. In the past, these products were expensed through the retirement system portfolio. However, with GASB96, Treasury will expense these costs through the State's accounting system (RIFANS) and be reimbursed by the retirement system portfolio. In effect, there is no change to actual costs.

Other changes include: \$110,500 less for computer supplies and equipment as new disability software will not be purchased in FY2025; \$80,000 less for insurance as competitive rates have been secured; and \$102,500 less for postage and telephone expenses.

Operating Adjustments	FY2024 Enacted	FY2025 Governor	Change
Software Maintenance Agreements	\$2,000	\$303,000	\$301,000
Computer Supplies/Software & Equipment	180,500	70,000	(110,500)
Insurance	275,000	195,000	(80,000)
Printing - Outside Vendors	141,500	216,500	75,000
Postage and Postal Services	307,500	250,000	(57,500)
Telephone and Telegraph	125,000	80,000	(45,000)
All Other Operating	554,700	572,200	17,500
Total	\$1,586,200	\$1,686,700	\$100,500

Treasury Relocation Placeholder (restricted receipts) \$65,000

The Budget adds \$65,000 in restricted receipts for furniture and fixtures as a placeholder for Treasury's requested move out of 50 Service Avenue in the City of Warwick.

UNCLAIMED PROPERTY

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

Unclaimed Property	Other Fund Changes
Personnel Adjustments (restricted receipts)	\$169,075
Contracted Services (restricted receipts)	150,000
Overtime (restricted receipts)	75,000

Personnel Adjustments (restricted receipts) \$169,075

The Budget includes \$1.6 million in general revenue for personnel costs. This reflects an increase of \$100,627 in salary and longevity (less overtime), and \$68,448 in benefits. The increase in salary was driven by higher FTE allocations for legal, finance, and outreach support. The increase in salary costs is driven by the reclassification of several of the full-time administration positions to assist in the claim approval process.

Personnel Adjustments	FY2024 Enacted	FY2025 Governor	Change
Assessed Fringe Benefits	\$34,737	\$38,712	\$3,975
Defined Contribution Plan	7,876	9,179	1,303
Dental Insurance	7,085	7,714	629
Employees' Retirement	254,776	279,710	24,934
FICA: Medicare	12,754	14,211	1,457
FICA: Social Security	54,176	60,761	6,585
Longevity Pay	21,209	30,427	9,218
Medical Insurance	150,032	179,881	29,849
Medical Insurance Waiver Bonus	2,452	2,602	150
Payroll Accrual	5,106	5,684	578
Regular Wages	893,233	984,642	91,409
Retiree Health Insurance	39,751	38,614	(1,137)
Stipend Payments	11,025	11,025	-
Turnover	(35,000)	(35,000)	-
Vision Insurance	1,145	1,270	125
Total	\$1,460,357	\$1,629,432	\$169,075

Contracted Services (restricted receipts) \$150,000

The Budget includes an increase of \$150,000 in restricted receipts for contracted unclaimed property audit service expenditures. According to Treasury, this is a placeholder item for an auditing firm to reconcile all equities within Unclaimed Property and that a Request for Proposal is forthcoming.

Overtime (restricted receipts) \$75,000

The Budget includes \$128,848 in restricted receipts for overtime expenses. This is an increase of \$75,000 over the FY2024 Budget as Enacted, reflecting additional staff time to assist with the “equities reconciliation project”. According to Treasury, the project is a proposal going out to bid for the Unclaimed Property Program via the RFP process. The State is custodian to thousands of accounts throughout dozens of brokerage houses, many of whom do not maintain individual balances for corporate actions such as mergers, stock splits or even dividends. The Unclaimed Properties Program is soliciting proposals for a third party to update and reconcile the accounts and then manage all equities under one umbrella.

CRIME VICTIM COMPENSATION PROGRAM

The Crime Victim Compensation program compensates innocent victims of violent crimes for certain expenses that are attributable to the crime. Compensation may be used to cover funeral, medical, and counseling expenses incurred by victims or their family members. Funding for the Crime Victims Compensation Program is derived from assessments charged to individuals who are found guilty or plead nolo contendere to crimes in the courts. In addition, the U. S. Department of Justice provides a 75.0 percent match on State funds expended on the compensation claims. Lastly, general revenues are used to supplement the program when court receipts and federal awards are insufficient to support the program. The maximum award for each criminal incident is capped at \$25,000.

Crime Victim Compensation Program	General Revenue
FY2024 Enacted	\$899,553
<i>Target and Other Adjustments</i>	<i>(8,462)</i>
Crime Victims Claim Payments	(75,000)
Personnel Adjustments	56,292
Computer Supplies	20,000
FY2025 Governor	\$892,383

Crime Victim Compensation Program	Other Fund Changes
Crime Victims Claim Payments (restricted receipts)	(\$175,000)

Crime Victims Claim Payments **(\$75,000)**

The Budget includes general revenue appropriations of \$205,000 for claim payments in both the FY2025 and in the FY2024 Revised Budget, which reflects a decline of \$75,000 from the FY2024 Budget as Enacted, and is consistent with the amount requested by Treasury.

Personnel Adjustments **\$56,292**

The Budget increases \$56,292 in general revenue reflecting increases of \$27,277 in salary and longevity, and \$29,015 in benefits. The increase in salary was driven by higher FTE allocations for legal, finance, and outreach support.

Personnel Adjustments	FY2024 Enacted	FY2025 Governor	Change
Assessed Fringe Benefits	\$13,157	\$14,234	\$1,077
Defined Contribution Plan	2,665	2,951	286
Dental Insurance	2,489	2,819	330
Employees' Retirement	96,504	102,855	6,351
FICA: Medicare	4,830	5,228	398
FICA: Social Security	20,570	22,343	1,773
Longevity Pay	10,878	14,688	3,810
Medical Insurance	58,677	78,171	19,494
Medical Insurance Waiver Bonus	50	-	(50)
Payroll Accrual	1,932	2,091	159
Regular Wages	322,235	345,702	23,467
Retiree Health Insurance	15,056	14,199	(857)
Vision Insurance	408	462	54
Total	\$549,451	\$605,743	\$56,292

Computer Supplies **\$20,000**

The Budget includes \$37,035 in general revenue for computer supplies and software. This is a \$20,000 increase over the previous fiscal year and reflects actual expenses incurred over the past few years for the software licensing fee.

Crime Victims Claim Payments (restricted receipts) **(\$175,000)**

The Budget includes \$380,000 in restricted receipts for claims and settlement payouts in FY2025, reflecting a decrease of \$175,000 from the FY2024 Budget as Enacted, and is consistent with the amount requested by Treasury. This decrease of reflects continued lower projected receipts from court ordered restitution payments to victims of violent crime.

The following table illustrates the trend of declining revenue from the court fees from FY2013 to FY2023. Note that the projection for FY2024 is Treasury’s annualized projection, based on total fiscal year collections of \$124,010 through January 2024. The projection for FY2025 is Treasury’s projection in the FY2025 budget submission. However, based on current trends, Treasury is concerned about reaching both FY2024 and FY2025 projections and beyond and recommended lowering the claims/settlements amount in both fiscal years.

Court Revenue	Amount
FY2012	\$1,079,792
FY2013	858,955
FY2014	809,288
FY2015	785,967
FY2016	838,621
FY2017	584,405
FY2018	536,217
FY2019	425,746
FY2020	368,660
FY2021	214,052
FY2022	409,804
FY2023	317,640
<i>FY2024</i>	<i>212,589</i>
<i>FY2025</i>	<i>380,000</i>

Projected revenue in italics

Board of Elections

Expenditures By Program	FY2023 Actual	FY2024 Enacted	FY2024 Governor	Change from Enacted		FY2025 Governor	Change from Enacted	
Board of Elections	\$5.9	\$4.0	\$4.7	\$0.7	17.3%	\$5.2	\$1.2	29.4%
Expenditures By Source								
General Revenue	\$5.9	\$4.0	\$4.7	\$0.7	17.3%	\$5.2	\$1.2	29.4%
Total	\$5.9	\$4.0	\$4.7	\$0.7	17.3%	\$5.2	\$1.2	29.4%
Authorized FTE Levels	13.0	13.0	13.0	-	-	13.0	-	-

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

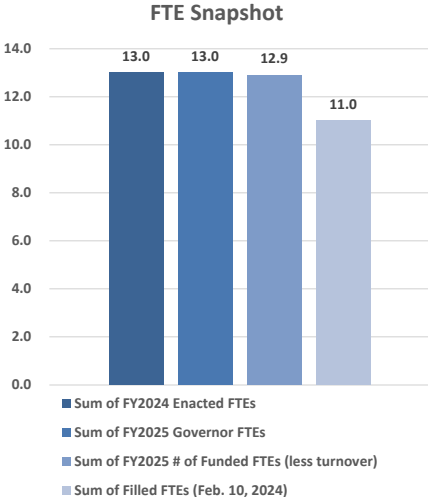
The Board of Elections supervises all elections and state and local referenda. The Board oversees voter registration and public education activities and provides all registration materials used in the State. The Board supervises and monitors the campaign finance activities of candidates, political action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

MAJOR ISSUES AND TRENDS

The FY2024 Revised Budget includes \$4.7 million, reflecting a net increase of \$697,290 in general revenue, primarily due to an increase of \$907,996 in miscellaneous expenses reflecting that the Board of Elections is now responsible for the cost of purchasing and maintaining voting equipment.

For FY2025, the Budget includes \$5.2 million in general revenue, which is \$1.2 million more than the FY2024 Budget as Enacted. The increase is largely attributable to temporary employees, voting equipment transportation, printing, and postage expenses that are required for the 2024 election year.

The Budget includes 13.0 FTE positions in FY2024 and FY2025, consistent with the enacted level.



Central Management	General Revenue
FY2024 Enacted	\$3,981,728
<i>Target and Other Adjustments</i>	30,493
Election Adjustments	1,093,979
Personnel Adjustments	50,757
FY2025 Governor	\$5,156,957

Election Adjustments**\$1.1 million**

The Budget increases general revenue expenditures by \$1.1 million for election related expenses, reflecting personnel, contracted services, and operating expenditures for voter operating supplies and expenses that are required in FY2025. These expenses increase in odd-numbered fiscal years when there is a statewide election and referenda election.

The FY2024 Revised Budget decreases express delivery funding by \$180,000 due to the extension of the current contract through the Presidential Preference Primary (PPP). The Budget also includes a reduction of \$57,500 for printing expenses. This is offset by an increase of \$907,996 in miscellaneous expenses due to the Board of Elections now being responsible for the cost of purchasing and maintaining voting equipment.

Election Costs	FY2024 Enacted	FY2024 Governor	Change	FY2025 Governor	Change
Public Finance of Elections	\$0	\$0	\$0	\$0	\$0
Seasonal Staff	382,172	347,172	(35,000)	375,000	(7,172)
Other Professional Services	155,000	230,000	75,000	895,651	740,651
Equipment Delivery	350,000	170,000	(180,000)	750,000	400,000
Printing - Outside Vendors	62,500	5,000	(57,500)	5,000	(57,500)
Miscellaneous Expenses	82,000	989,996	907,996	100,000	18,000
Total	\$1,031,672	\$1,742,168	\$710,496	\$2,125,651	\$1,093,979

Personnel Adjustments**\$50,757**

The Budget consists of a \$44,483 increase in wages and longevity, and a \$32,003 increase in benefits. This increase is offset by turnover savings of \$18,557.

Ethics Commission

Expenditures by Program	FY2023 Actual	FY2024 Enacted	FY2024 Revised	Change from Enacted		FY2025 Governor	Change from Enacted	
RI Ethics Commission	\$1.9	\$2.1	\$2.2	\$0.0	1.2%	\$2.3	\$0.2	7.6%

Expenditures by Source	FY2023 Actual	FY2024 Enacted	FY2024 Revised	Change from Enacted		FY2025 Governor	Change from Enacted	
General Revenue	\$1.9	\$2.1	\$2.2	\$0.0	1.2%	\$2.3	\$0.2	7.6%

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

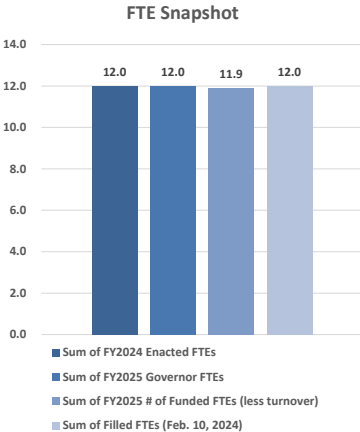
The Rhode Island Ethics Commission is responsible for adopting and disseminating the Rhode Island Code of Ethics, issuing advisory opinions to public officials and employees, enforcing financial disclosure policies and maintaining financial disclosure records, investigating and adjudicating complaints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

MAJOR ISSUES AND TRENDS

The FY2025 Budget includes \$2.3 million, with a net increase of \$162,278 (7.6 percent) from the FY2024 Budget as Enacted. Expenditures include an increase of \$157,703 in funds to support the information technology and internal service fund. These funds will ultimately support the Commissions transition to Windows 11.

The Budget includes \$2.2 million for FY2024 Revised. The net increase in general revenue is \$25,595 (1.2 percent) mainly to reflect reappropriated funds from FY2023 for the Commission’s case management system for complaints and conflicts of interest statements. The project was initially delayed and the commission was unable to expend all funds.

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



RI Ethics Commission	General Revenue
FY2024 Enacted	\$2,137,059
<i>Target and Other Adjustments</i>	4,575
Centralized Services (statewide adjustments)	157,703
FY2023 Governor	\$2,299,337

Office of the Governor

Expenditures By Program	FY2023 Actual	FY2024 Enacted	FY2024 Governor	Change from Enacted		FY2025 Governor	Change from Enacted	
Governor	\$7.4	\$8.4	\$8.3	(\$0.1)	-1.2%	\$8.4	\$0.0	0.0%
Expenditures By Source								
General Revenue	\$7.4	\$8.4	\$8.3	(\$0.1)	-1.2%	\$8.4	\$0.0	0.0%
Federal Funds	0.0	-	-	-	-	-	-	-
Total	\$7.4	\$8.4	\$8.3	(\$0.1)	-1.2%	\$8.4	\$0.0	0.0%
Authorized FTE Levels	45.0	45.0	45.0	-	-	45.0	-	-

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

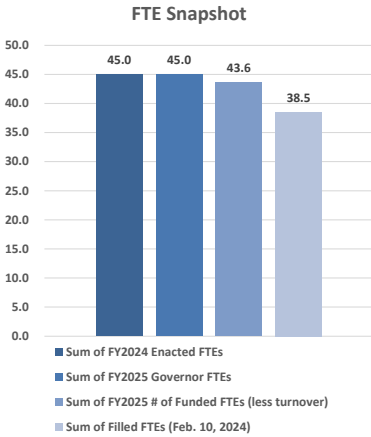
The Office of the Governor is one of five general offices subject to voter election under the Constitution of Rhode Island. The Office is responsible for directing the executive branch of government, including the preparation and submission of the annual state budget.

MAJOR ISSUES AND TRENDS

The FY2024 Revised Budget for the Office of the Governor includes \$8.3 million in general revenue, \$119,304 less than the amount appropriated in the FY2024 Budget as Enacted.

The FY2025 Budget includes \$8.4 million in general revenue, reflecting a \$64,718 increase from the previous year.

The Budget includes 45.0 FTE positions in both FY2024 and FY2025, consistent with the enacted budget.



Governor	General Revenue
FY2024 Enacted	\$8,406,547
<i>Target and Other Adjustments</i>	\$9,897
Personnel Adjustments	45,502
Centralized Services (statewide adjustments)	9,319
Contingency Fund	<i>Informational</i>
FY2025 Governor	\$8,471,265

Personnel Adjustments \$45,502

The Budget adds \$45,502 in general revenue reflecting changes to various salary and benefit adjustments that includes related rate increases pertaining to employee benefits and increased anticipated turnover as compared to the FY2024 Budget as Enacted.

	FY2024	FY2025	
Salary Adjustments	Enacted	Governor	Change
Regular Wages	\$5,102,970	\$5,139,672	\$36,702
Longevity Pay	16,465	16,465	-
Subtotal	\$5,119,435	\$5,156,137	\$36,702
Benefit Adjustments	FY2024	FY2025	Change
	Enacted	Governor	Change
Assessed Fringe Benefits	\$195,673	\$194,473	(\$1,200)
Defined Contribution Plan	49,185	42,108	(7,077)
Dental Insurance	22,807	24,584	1,777
Employees' Retirement	1,435,099	1,405,137	(29,962)
FICA: Medicare	71,828	71,390	(438)
FICA: Social Security	288,263	294,494	6,231
Medical Insurance	494,742	627,010	132,268
Medical Insurance Waiver Bonus	6,006	10,010	4,004
Payroll Accrual	28,747	28,544	(203)
Retiree Health Insurance	223,910	193,982	(29,928)
Vision Insurance	3,882	4,238	356
Subtotal	\$2,820,142	\$2,895,970	\$75,828
Turnover	(\$165,704)	(\$232,732)	(\$67,028)
Total	\$7,773,873	\$7,819,375	\$45,502

Contingency Fund**Informational**

The Budget includes \$150,000 in general revenue for the contingency fund appropriation. The Governor's Office is annually appropriated general revenue for a contingency fund for unforeseen expenses. This is a discretionary spending account. The FY2024 Budget as Enacted included \$150,000 in general revenue. As of March 1, 2024, a total of \$34,392 has been spent from the fund in FY2024, leaving a balance of \$115,608. The following table illustrates the contingency fund appropriations and expenditures over the past ten years:

Contingency Fund

Budget Year	Enacted/Request	Revised Changes	Total	Actual	Variance
FY2015	\$250,000	\$0	\$250,000	\$89,199	\$160,801
FY2016	250,000	160,800	410,800	65,966	344,834
FY2017	250,000	(8,000)	242,000	172,350	69,650
FY2018	250,000	(32,911)	217,089	206,587	10,502
FY2019	200,000	-	200,000	156,590	43,410
FY2020	150,000	-	150,000	149,802	198
FY2021	150,000	-	150,000	106,032	43,968
FY2022	150,000	-	150,000	25,919	124,081
FY2023	150,000	-	150,000	35,095	114,905
FY2024	150,000	-	150,000	34,392	115,608
FY2025	150,000	-	150,000	-	150,000

Source: Budget Data Tables and RIFANs

FY2024 Expenditures as of March 1, 2024

Italics reflects requested amounts or non-finalized amounts

Rhode Island Commission for Human Rights

Expenditures By Program	FY2023	FY2024	FY2024	Change from		FY2025	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Commission for Human Rights	\$2.0	\$2.4	\$2.5	\$0.1	5.4%	\$2.5	\$0.1	6.0%
Expenditures By Source								
General Revenue	\$1.8	\$2.0	\$2.1	\$0.1	3.5%	\$2.1	\$0.0	2.5%
Federal Funds	0.3	0.4	0.4	0.1	16.2%	0.5	0.1	25.3%
Total	\$2.0	\$2.4	\$2.5	\$0.1	5.4%	\$2.5	\$0.1	6.0%
Authorized FTE Levels	14.0	15.0	15.0	-	-	15.0	-	-

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

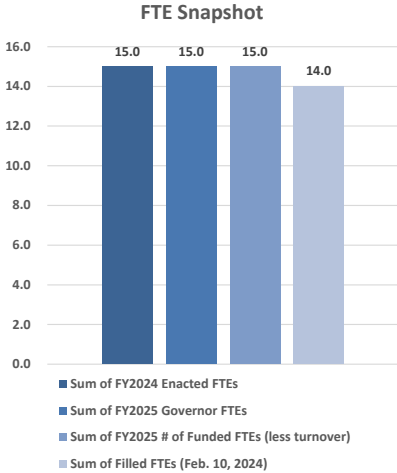
The Rhode Island Commission for Human Rights enforces anti-discrimination laws in the areas of employment, housing, public accommodations, credit, and delivery of services. Major program activities include outreach and education, intake, investigation, conciliation, and administrative hearings.

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

MAJOR ISSUES AND TRENDS

The FY2024 Revised Budget includes \$2.5 million in all funds, of which \$2.1 million is general revenue and \$417,949 are federal funds. This reflects an increase of \$62,456 in general revenue and \$58,848 in federal funds from the enacted budget. The increase in general revenue primarily reflects paygrade classification changes occurring in June 2023.

The FY2025 Budget includes \$2.5 million in all funds, of which \$2.1 million is general revenue and \$450,110 is federal funds, reflecting an increase of \$46,370 in general revenue and \$91,009 in federal funds. The increase in general revenue primarily reflects paygrade classification changes occurring in June 2023, and the increase in federal funds reflects the shift of the office rental costs from general revenue to federal funds along with the receipt of a \$25,000 Partnership Grant from the U.S. Department of Housing and Urban Development to be used for fair housing advertisement.



The Budget includes 15.0 FTE positions in FY2024 and in FY2025, consistent with the enacted budget.

Commission for Human Rights	General Revenue
FY2024 Enacted	\$2,009,246
<i>Target and Other Adjustments</i>	22,599
Personnel Adjustments	36,466
Rental of Outside Property	(23,275)
Centralized Services (statewide adjustment)	10,580
FY2025 Governor	\$2,055,616

Commission for Human Rights	Other Funds
Rental of Outside Property (federal funds)	\$23,275

Personnel Adjustments **\$36,466**

The Budget adds \$36,466 in general revenue, which largely attributable to increases in regular wages and related wage benefits, offset by reductions in employee dental and medical insurance, and a decrease in retiree health assessment. There is a corresponding increase of \$45,863 in federal funds.

Personnel Adjustments	FY024 Enacted	FY2025 Governor	Change
Assessed Fringe Benefits	\$38,455	\$40,153	\$1,698
Defined Contribution Plan	9,149	11,083	1,934
Dental Insurance	8,427	7,101	(1,326)
Employees' Retirement	282,039	290,131	8,092
FICA: Medicare	14,090	14,738	648
FICA: Social Security	60,360	63,028	2,668
Longevity Pay	32,177	36,931	4,754
Medical Insurance	198,516	188,028	(10,488)
Payroll Accrual	5,900	5,904	4
Regular Wages	947,000	979,653	32,653
Retiree Health Insurance	44,004	40,054	(3,950)
Vision Insurance	1,329	1,108	(221)
Total	\$1,641,446	\$1,677,912	\$36,466

Rental of Outside Property **(\$23,275)**

The Commission's leased office is located at 180 Westminster Street in the City of Providence. The lease was renewed with Dorwest Associates on September 1, 2021, and expires on August 31, 2026. The annual lease expense is \$209,351, of which \$163,088 (78.0 percent) is paid by general revenue and \$46,263 is paid by federal funds (22.0 percent). The FY2025 Budget includes a decrease of \$23,275 in general revenue and an increase of \$23,275 in federal funds, shifting a portion of the funding source from the previous fiscal year.

Public Utilities Commission

Expenditures By Program	FY2023	FY2024	FY2024	Change from		FY2025	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Public Utilities Commission	\$11.3	\$14.3	\$14.0	(\$0.3)	-2.0%	\$14.4	\$0.1	1.0%
Expenditures By Source								
Federal Funds	\$0.5	\$0.6	\$0.7	\$0.1	18.0%	\$0.7	\$0.1	19.7%
Restricted Receipts	10.8	13.7	13.3	(0.4)	-2.9%	13.7	0.0	0.2%
Total	\$11.3	\$14.3	\$14.0	(\$0.3)	-2.0%	\$14.4	\$0.1	1.0%
Authorized FTE Levels	54.0	54.0	54.0	-	-	56.0	2.0	3.7%

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

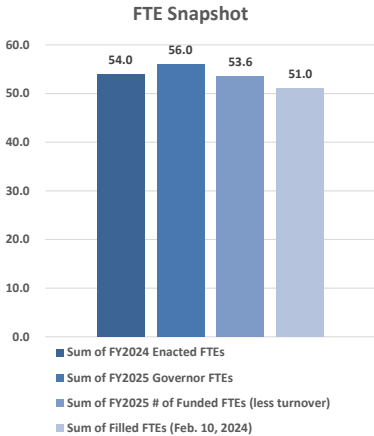
The Public Utilities Commission (PUC) regulates public utilities, Community Antenna Television, common carriers, and major energy facilities; regulates rates; ensures sufficient utility infrastructure to promote economic development; and, cooperates with other states and federal government agencies to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

MAJOR ISSUES AND TRENDS

The FY2024 Revised Budget provides a total operating budget of \$14.0 million, including \$13.3 million in restricted receipts, and \$702,387 in federal funds. This represents a net decrease of \$274,555 from the FY2024 Budget as Enacted. As the agency does not receive any general revenue funding; the costs are a pass-through expenditure and are paid by the regulated utilities pursuant to RIGL 39-1-23.

The FY2024 Revised Budget eliminates the Public Utilities Commission annual rent payment of \$333,420 in restricted receipts for the rental of the state-owned office building at 89 Jefferson Boulevard in the City of Warwick.

The FY2025 Budget provides a total operating budget of \$14.4 million, including \$13.7 million in restricted receipts and \$711,984 in federal funds. The Budget reflects an all funds increase of \$189,972 compared to the FY2024 Budget as Enacted. The significant restricted receipt decreases include a reduction of \$333,240 reflecting the elimination of the annual rental payment to the State and a \$250,000 reduction for the unneeded Electronic Business Portal (EBP) computer system. This is offset by an increase of \$274,873 reflecting the addition of two new employees with the Division.



The Budget provides a staffing level of 54.0 FTE positions in FY2024 and 56.0 FTE positions in FY2025. The Budget adds 2.0 FTE positions to the Agency; a 1.0 Deputy Chief of Legal Services and a 1.0 Administrative Clerk.

Public Utilities Commission	Other Fund Changes
State Property Rental Cost (restricted receipts)	(\$333,240)
New FTE Positions (restricted receipts)	277,873
Electronic Business Portal (restricted receipts)	(250,000)
Personnel Adjustments (federal funds)	119,709
Contracted Services (restricted receipts)	52,000

State Property Rental Cost (restricted receipts) (\$333,240)

The Budget removes the Public Utilities Commission (PUC) annual rent payment of \$333,420 in restricted receipts for the rental of the state-owned office building at 89 Jefferson Boulevard in the City of Warwick. Article 1, Section 21 of the FY2018 Budget as Enacted, increased the annual rental charge to the PUC from \$173,000 to \$333,240. On November 9, 2023, the Department of Administration notified the Commission that rent would no longer be charged to the Commission. The following day, the November Revenue Estimating Conference accepted the change from the Department of Administration and excluded the rental payment in projected departmental revenue for FY2024 and FY2025. The FY2024 Revised Budget contains the corresponding elimination of the Public Utilities Commission's annual rent payment impacting FY2024. This action results in reduced general revenue collection to the State.

Analyst Note: Although the Department of Administration was authorized to charge rent to the PUC, the Department made a management decision in 2023 to no longer levy the charge. The Department thought that it was not the standard business practice to charge rent to agencies for merely occupying state property. The Department generally charges agencies to recover the cost of actual services incurred centrally on an agency's behalf (e.g., maintenance, janitorial, security, furniture fixtures equipment, etc.)

New FTE Positions (restricted receipts) \$274,562

The Budget adds \$274,562 in restricted receipts for 2.0 new FTE positions to the Division of Public Utilities and Carriers, this includes \$159,688 for a 1.0 Deputy Chief of Legal Services and \$114,874 for a 1.0 Administrative Clerk position to handle the requirements of RIGL 39-1-19 that allows the Administrator of the Division to request legal assistance from the Office of the Attorney General (OAG) to represent the Division in regulatory proceedings.

The OAG informed the Division that the Office of the Attorney General can no longer provide these full-time services to the Division, despite RIGL 39-1-19. The Division requests these two positions for dedicated regulatory staff and provide coverage when the OAG staff are unavailable to the Division. The Division provides 100.0 percent compensation to the OAG for these regulatory staff services. There is no added personnel cost to the State as these positions are fully funded through utility assessments to fund the Agency.

Analyst Note: The Office of the Attorney General Civil program contains a restricted receipt line item titled Public Utilities Commission. There is a corresponding decrease of \$229,386 in restricted receipts for the FY2024 Revised Budget and a decrease of \$231,867 in the FY2025 Budget.

Electronic Business Portal (restricted receipts) (\$250,000)

The Budget removes \$250,000 in restricted receipts that is not required for the development of an online electronic business portal (EBP) in the FY2025 Budget. The FY2024 Budget as Enacted included \$250,000 in restricted receipts to finance the development of the EBP for docket (official proceedings) management and for e-filing capabilities. The purpose of the EBP was to have an in-house scheduler for Commission employees to track dockets and tasks assigned to each docket, and will have a list server to allow the public to track specific dockets. However, the project was never initiated because the DPUC could not locate an IT vendor to provide all of the system's components. Funding for the EBP is removed in the FY2024 Revised Budget and not required in the FY2025 Budget.

Personnel Adjustments (federal funds) \$119,709

The Budget increases federal funds by \$119,709 for salary and benefits based on the Pipeline Safety program being fully staffed with five Pipeline Safety Inspectors.

Contracted Services (restricted receipts) \$52,000

The Budget includes a net increase of \$52,000 in restricted receipts for contracted services. The increase includes a \$150,000 appropriation from the Office of Energy Resources derived from the Regional Greenhouse Gas Initiative/Executive Climate Change Coordinating Council. This award is split between FY2024 and FY2025. In addition, there is a \$10,000 increase for janitorial services. The DPUC needs to award a new contract and expects an increase in these costs. Offsetting the increases is a decrease of \$23,000 for IT general services that is based on historical trends and a decrease of \$10,000 in financial services reflecting the use of a new vendor. The previous vendor was GDS Associates and the new vendor is Incline.

CAPITAL PROJECTS

The 5-year capital plan includes \$625,000 in restricted receipts for ongoing asset protection of the state-owned facility at 89 Jefferson Boulevard in the City of Warwick.

Executive Office of Commerce

Expenditures By Program	FY2023 Actual	FY2024 Enacted	FY2024 Governor	Change from Enacted		FY2025 Governor	Change from Enacted	
Central Management	\$2.3	\$2.2	\$2.1	(\$0.1)	-4.5%	\$2.3	\$0.0	0.7%
Commerce Programs	27.3	101.2	117.8	16.6	16.5%	6.3	(94.9)	-93.8%
Economic Development Initiatives Fund	36.3	64.9	65.5	0.6	0.9%	37.5	(27.4)	-42.2%
Housing and Community Development	72.2	-	-	-	-	-	-	-
Quasi-Public Appropriations	31.8	73.4	73.5	0.2	0.2%	22.6	(50.7)	-69.2%
Total	\$169.9	\$241.6	\$258.9	\$17.3	7.2%	\$68.7	(\$173.0)	-71.6%

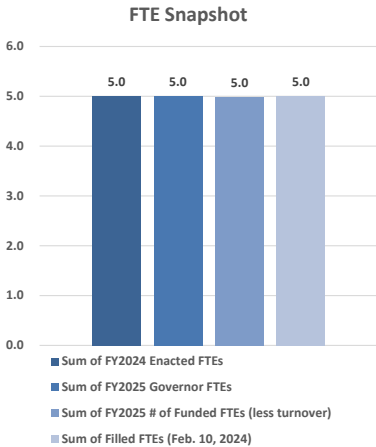
Expenditures By Source	FY2023 Actual	FY2024 Enacted	FY2024 Governor	Change from Enacted		FY2025 Governor	Change from Enacted	
General Revenue	\$57.1	\$66.4	\$66.3	(\$0.1)	-0.2%	\$38.3	(\$28.2)	-42.4%
Federal Funds	92.4	174.4	191.6	17.2	9.9%	22.0	(152.4)	-87.4%
Restricted Receipts	19.5	-	-	-	-	-	-	-
Other Funds	0.9	0.8	1.0	0.2	19.7%	8.4	7.6	943.0%
Total	\$169.9	\$241.6	\$258.9	\$17.3	7.2%	\$68.7	(\$173.0)	-71.6%

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

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

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

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



MAJOR ISSUES AND TRENDS

The Governor recommends a total of \$68.7 million in FY2025, to fund the economic development initiatives and operations of the Executive Office of Commerce and the Commerce Corporation. This is \$173.0 million less than the FY2024 enacted level, a reduction that results primarily from a \$148.8 million appropriation of federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) in FY2024 that does not reoccur in FY2025. General revenue, representing 55.7 percent of total funding, is down \$28.2 million (42.4 percent) from the enacted level. This net decrease is attributable to reduced year-over-year funding for incentives, most notably in the First Wave Closing Fund and the Rebuild RI programs.

For FY2024, the Governor recommends \$258.9 million in total funding, a \$17.3 million increase over the enacted level. This current year change reflects the mandatory reappropriation of unspent ARPA funds from previous fiscal years.

American Rescue Plan Act Federal Funding

Federal funding budgeted within the EOC comes entirely from allocations under the American Rescue Plan Act. EOC administers seven ARPA SFRF initiatives, one ARPA Capital Project, and the Small Business Credit Initiative that is directly allocated funds under the Act. The General Assembly was compelled to appropriate all of the State’s ARPA allocations in FY2024 in order to meet U.S. Treasury obligation and spending deadlines. Because of this, the year-over-year comparisons between FY2024 and FY2025 are dramatic. In FY2024, federal funds represented 74.0 percent of the budget, whereas in FY2025 they comprise only 32.0 percent. It is also important to note that because many of the initiatives will take several years to complete, the General Assembly required that any unspent ARPA funds at the end of any given fiscal year be reappropriated for the same purposes. It is for this reason that the Governor includes \$17.2 million in additional federal funds in the FY2024 Supplemental recommendation. It should also be noted that an additional \$2.0 million in SFRF funds are budgeted in FY2025 to support the tourism, hospitality, and events industry. These funds are part of recommended \$51.7 million package of funds that are being taken from previously funded projects and repurposed. The net funding changes are summarized in the following table.

	FY2024 Enacted	FY2024 Governor	Change from Enacted	FY2025 Governor	Change from Enacted
ARPA SFRF Initiative					
Port of Davisville	\$59.0	\$59.0	-	-	(\$59.0)
Bioscience Investments	45.0	45.0	-	-	(45.0)
South Quay Marine Terminal	35.0	35.0	-	-	(35.0)
Minority Business Accelerator	4.0	5.0	1.0	-	(4.0)
Destination Marketing	1.5	2.1	0.6	-	(1.5)
Small Business Financial and Technical Assistance: Direct Grants	0.3	0.6	0.3	-	(0.3)
Aid to Tourism, Hospitality, and Events Industries	-	-	-	2.0	2.0
	\$144.8	\$146.7	\$1.9	\$2.0	(\$142.8)
ARPA Capital Projects Initiative					
Broadband	9.6	25.0	15.4	-	(9.6)
	9.6	25.0	15.4	-	(9.6)
ARPA Direct Initiative					
State Small Business Credit Initiative	20.0	20.0	-	20.0	-
	20.0	20.0	-	20.0	-
Total ARPA	\$174.4	\$191.6	\$17.2	\$22.0	(\$152.4)

Incentives

In 2015, the General Assembly established numerous economic development incentives to spur investment in new capital and critical industry sectors, improve the workforce, and promote innovation. General revenue appropriations supporting these incentives totaled \$244.0 million prior to FY2024. The FY2024 Budget includes an additional \$52.7 million and the FY2025 Budget includes \$22.5 million. The following table shows the total appropriations, awards, and remaining balances for each of the incentives:

Incentive	Pre-FY2024	FY2024 Enacted	FY2024 Governor	FY2025 Governor	Appropriated To Date	Awarded to Date	Balance
Rebuild RI	\$148.2	\$26.4	\$26.4	\$10.1	\$174.6	\$205.0	(\$30.4)
I-195 Redevelopment Fund	28.0	2.0	2.0	1.0	30.0	25.7	(4.3)
First Wave Closing Fund	10.3	10.0	10.0	-	20.3	11.1	(9.2)
Wavemaker Fellowship	13.3	4.0	4.0	3.6	17.3	3.3	(14.0)
Small Business Assistance Fund	7.3	4.0	4.0	3.6	11.3	7.4	(3.9)
Innovation Initiative	13.6	2.0	2.0	1.0	15.6	10.4	(5.2)
Main Street RI Streetscape Improvement Fund	8.0	1.0	1.0	1.0	9.0	2.8	(6.2)
Air Service Development Fund	4.8	2.3	2.3	1.2	7.1	2.0	(5.1)
P-Tech	2.5	-	-	-	2.5	1.6	(0.9)
Innovate Small Business (STAC)	8.0	1.0	1.0	1.0	9.0	3.1	(5.9)
Qualified Jobs Tax Incentive	-	-	-	-	-	59.3	59.3
Tax Increment Financing	-	-	-	-	-	80.1	80.1
Tax Stabilization Agreement Incentive	-	-	-	-	-	2.1	(2.1)
Total	\$244.0	\$52.7	\$52.7	\$22.5	\$296.7	\$413.9	\$52.3

\$ in millions

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

- **Reauthorization of Incentive Programs:** Reauthorizes the incentive programs for an additional year by extending the statutory sunset provisions placed on them from December 31, 2024, to December 31, 2025.
- **Innovate RI Small Business Fund:** Amends the Innovate Rhode Island Small Business Program by increasing various matching grants managed by the State’s Science and Technology Advisory Council (STAC).
- **Innovation Initiative:** Expands the Innovation Initiative incentive program by extending eligibility for matching grants to employee-owned (or transitioning to employee-owned) businesses and establishing a new “invention incentive” program.

CENTRAL MANAGEMENT

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

Central Management	General Revenue
FY2024 Enacted	\$2,249,368
<i>Target and Other Adjustments</i>	<i>(8,892)</i>
Personnel	24,227
FY2025 Governor	\$2,264,703
Personnel	\$24,227

The Budget includes a net \$24,227 increase in personnel expenditures within EOC’s Central Management program for FY2025. This includes an expected increase of \$22,369 in base personnel expenditures and an additional \$1,858 in target adjustments related to medical and retirement benefits. The Executive Office of Commerce has 5.0 FTE positions with an average cost of \$207,465.

COMMERCE PROGRAMS

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

Commerce Programs	General Revenue
FY2024 Enacted	\$7,250,000
<i>Target and Other Adjustments</i>	
Air Service Development Fund	(1,050,000)
Minority Business Accelerator	500,000
Wavemaker Fellowship Program	(423,600)
Main Street RI Streetscape Improvement Program	Informational
FY2025 Governor	\$6,276,400

Commerce Programs	Other Fund Changes
ARPA SFRF Initiatives (federal funds)	(80,000,000)
ARPA CPF Broadband (federal funds)	(9,573,500)

Air Service Development Fund **(\$1.1 million)**

The Budget includes \$1.2 million in total general revenue to support the development of additional direct airline routes to major metropolitan areas, \$1.1 million less than the FY2024 enacted level.

Program Background: The Air Service Development Fund (ASDF) was established by the General Assembly in 2016 for the purpose of providing airlines various incentives to establish new direct flights originating at Rhode Island T.F. Green International Airport. These include the reduction of an airline’s risk when implementing a new route by providing revenue insurance that can be used to offset losses incurred if the new route is not profitable. If the routes prove to be profitable, then incentive funds can be recaptured. In addition to revenue supports, the ASDF can also be used for other direct financial incentives determined by the Rhode Island Commerce Corporation’s Air Service Development Council to be impactful to incentivizing new air service. The ASDF program is currently set to sunset on December 31, 2024. Article 7 of the Budget would extend the incentive another year.

Status: Rhode Island T.F. Green International Airport currently accommodates 34 non-stop destinations, serviced by 9 airlines.

Since FY2017 the ASDF has received \$4.8 million in appropriations. In 2023, the ASDF funds were included used as part of a package of incentives used to secure commitments from Breeze Airlines to establish a hub and expand routes at the Airport. In an agreement that goes to 2033 and has significant ramp up thresholds by 2028, Breeze has committed to building out significant operations and warehouse space, basing up to 6 aircraft at the airport, achieving an average of 20 flights per week (to no less than five underserved routes) by 2028 and increasing to an average of 40 by 2033 (20 underserved routes). In turn, the State has committed to \$2.0 million over 2 years for ground handling, and \$6.0 million over five years for destination marketing.

Current Service at Rhode Island T.F. Green International Airport	
Airline	Non-Stop Service To
Allegiant Airlines	Cincinnati, Nashville, Punta Gorda/Ft. Myers
American Airlines	Charlotte, Chicago-O'Hare, Philadelphia, Washington-Reagan
Breeze Airways	Charleston, Cincinnati, Columbus, Jacksonville, Los Angeles, Myrtle Beach, New Orleans, Norfolk, Pittsburgh, Raleigh-Durham, Tampa, Orlando, Ft. Myers, Sarasota, Vero Beach, Savannah
Delta	Atlanta, Detroit, Minneapolis St. Paul, New York - Laganardia
Jet Blue	Ft. Lauderdale, Orlando, West Palm Beach
SKYHigh Dominicana	Santo Domingo
Southwest Airlines	Baltimore, Chicago-Midway, Ft. Lauderdale, Ft. Myers, Orlando, Tampa, Washington-Reagan, Dallas, Denver
Sun Country	Minneapolis St. Paul
United Airlines	Chicago-O'Hare, Newark, Washington-Dulles
9 Total Airlines	34 Total Non-Stop Destinations

According to the EOC, previously appropriated funds were sufficient to cover the ground handling and first two years of marketing expenses. The remaining commitment will require \$1.2 million annually for the next three years.

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

Minority Business Accelerator \$500,000

The Budget includes a net all funds reduction of \$3.5 million in FY2025 for the EOC’s Minority Business Accelerator program. This drop reflects a one-time \$4.0 million federal ARPA SFRF appropriation in FY2024 that does not reoccur in FY2025. It also includes \$500,000 in new general revenue expenditures to continue the program’s work in FY2025.

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

Wavemaker Fellowship Program (\$423,600)

The Budget includes \$3.6 million in general revenue in FY2025 for the Stay Invested in RI Wavemaker Fellowship Fund, \$423,600 less than the FY2024 enacted level (an approximately 10.0 percent year-over-year reduction).

Established in 2015, the Wavemaker program originally was a competitive student loan reimbursement program for college and university graduates who take employment in science, technology, engineering, and mathematics (STEM) fields in Rhode Island. In 2022 the General Assembly expanded the eligible professions to include healthcare and mental health professionals. It was expanded again in 2023 to include 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 program is set to sunset on December 31, 2024. Article 7 of the Budget reauthorizes the program for another year. Since its inception the General Assembly has appropriated \$17.3 million in general revenue to the fund and has served approximately 664 fellows.

Analyst Note: The 10.0 percent reduction to Wavemaker in FY2025 was proposed as part of the EOC’s constrained budget. The savings was offered by EOC to offset a funding increase related to the State’s Innovation Initiatives incentives. According to the EOC, the reduction does not affect existing cohorts of fellows receiving the incentive. Commerce plans to make the new application for teachers available spring of 2024. As this will be the first cohort for teachers, Commerce indicated that this will give them a better sense of demand for the incentive. Any evidence of significant interest will likely result in a request for greater future funding.

Main Street RI Streetscape Improvement Program

Informational

The Budget includes \$1.0 million of general revenue in FY2025, consistent with the enacted level, and \$1.0 million in FY2024 to support State’s Main Street RI Streetscape Program. The program provides loans, matching grants, and other forms of financing to municipalities and other organizations to upgrade streetscapes in local business districts. Projects include refurbishing facades, improved lighting, and signage. Recipients are required to provide a 30.0 percent match. Since its inception \$8.0 million has been appropriated to the program of which \$2.8 million has been awarded (the General Assembly appropriated \$5.0 million for FY2023). The program has supported 24 projects across 16 municipalities.

ARPA SFRF Initiatives (federal funds)

(\$80.0 million)

The Budget includes a reduction of \$80.0 million in FY2025 in federal ARPA State Fiscal Recovery Funds for various initiatives within the EOC’s Commerce Programs. This drop reflects one-time SFRF appropriations in FY2024 that do not reoccur in FY2025.

Initiative	FY2024 Enacted	FY2025 Governor	Change to Enacted
Bioscience Investments	\$45.0	-	(\$45.0)
South Quay Marine Terminal	35.0	-	(35.0)
Total	\$80.0	-	(\$80.0)

\$ in millions

- **Bioscience Investments:** This initiative is intended to support and grow the biosciences industry in Rhode Island through the establishment of a Rhode Island Life Sciences Hub (RILSH) and a dedicated fund to support the development of laboratories, commercialization of technology and business development, and workforce development. According to the EOC, startup funding of \$2.0 million has been approved for the RILSH to early personnel and operating expenses. The remaining funding will be made available contingent upon additional program and expenditure planning developed by RILSH Board. The RILSH was incorporated in September 2023, and its first meeting was held January 22, 2024. Professional legal and communications services have also been procured.
- **South Quay Marine Terminal:** This initiative supports the creation of an intermodal shipping hub in East Providence’s waterfront development district. It is intended to support the offshore wind industry. For FY2024, the General Assembly put restrictions the use of these funds, requiring that “sufficient matching funds for completion of the project are committed by February 1, 2024.” According to the EOC, the principal developer and owner of the site, Rhode Island Waterfront Enterprises (RIWE), has partnered with ProvPort and its general manager Waterson Terminal Services. Waterson has pledged \$35.0 million for the project, pending completion of its due diligence. This did not occur by the deadline and therefore the project cannot formally move forward absent a change in statute. Because of this the State’s Pandemic Recovery Office (PRO) has identified the South Quay Marine Terminal project as at risk of not meeting expenditure deadlines required by the U.S. Treasury. According to the EOC, discussions regarding the project and its ultimate disposition are ongoing with the Governor.

ARPA CPF - Broadband (federal funds)

(\$9.6 million)

The Budget includes a reduction of \$9.6 million in FY2025 in federal ARPA Capital Projects Funds for Broadband initiatives within the EOC’s Commerce Programs. This drop reflects one-time SFRF appropriations in FY2024 that does not reoccur in FY2025. The Governor’s FY2024 Supplemental Budget, however includes an increase of \$15.4 million as compared to the original enacted level, bringing FY2024 CPF funds to \$25.0 million. The current year change reflects the mandatory reappropriation of unspent ARPA funds.

ConnectRI is the State’s primary broadband development program. Administered by the Commerce Corporation in concert with the State’s Broadband Advisory Council, it coordinates the planning, and

implementation of expanded internet capacity in the State. It has created a statewide strategic plan and is in the process of engaging federal agencies to access funding; create grant and other programs; and coordinate stakeholder and governmental organizations. ConnectRI finished taking public comment on its draft proposals for the federal Broadband Equity, Access, and Deployment (BEAD) Program and its Digital Equity Plan in December and February, respectively. Final proposals informed by the public comment period are currently being completed. The proposals are the first steps required to securing nearly \$110.0 million in federal Infrastructure and Jobs Act and Digital Equity Act funding.

ECONOMIC DEVELOPMENT INITIATIVES FUND

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

Economic Development Initiatives Fund	General Revenue
FY2024 Enacted	\$43,360,000
<i>Target and Other Adjustments</i>	
Rebuild RI	(16,275,000)
First Wave Closing Fund	(10,000,000)
I-195 Redevelopment Fund	(2,000,000)
Destination Marketing	1,400,000
Innovation Initiative	(1,000,000)
Small Business Assistance	Informational
Small Business Promotion	informational
FY2025 Governor	\$15,485,000

Economic Development Initiatives Fund	Other Fund Changes
Aid to Tourism, Hospitality, and Events Industries (federal funds)	2,000,000
State Small Business Credit Initiative	Informational

Rebuild RI **(\$16.3 million)**

The Budget includes \$10.1 million in FY2025, \$16.3 million less than the enacted level, and \$26.4 million in FY2024, for the Rebuild RI Tax Credit Program (Rebuild).

Rebuild uses both tax credit and sales tax exemption incentives to promote investment in real estate development for commercial and/or residential use across the State. Total credits and exemptions are limited to \$225.0 million and the per-project cap is set at \$15.0 million. Article 7 of the FY2025 Budget as Enacted extends the Rebuild sunset from December 31, 2024, to December 31, 2025.

Status: Commerce has awarded \$159.7 million in Rebuild RI tax credits and \$45.3 million in sales tax exemptions across 51 projects, for a combined total of \$205.0 million, or 91.0 percent of the current \$225.0 million program cap.

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

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

Rebuild RI Fund: When Rebuild credits and exemptions are exercised by a developer, they negatively impact State revenue. To mitigate this impact, State law requires the state General Fund be reimbursed for the amount of the credits and exemptions from the Rebuild RI Fund. On an annual basis, Commerce works with the EOC, the Department of Administration, and the Division of Taxation to determine the availability of funds to award new tax credits. Each year, the Director of Revenue requests the amounts necessary to pay for the redemption of tax credits and sales tax rebates. This fund is capitalized by annual appropriations by the General Assembly. Since 2016, the Rebuild RI Fund has received \$174.6 million in appropriations through FY2024, or 85.0% of the \$205.0 million in current Rebuild obligations. The following table provides the estimated obligations, annual drawdowns, and required appropriations by fiscal year.

Estimated Cash Flow Summary for Rebuild RI

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Beginning Balance	\$59.6	\$94.0	\$91.1	\$100.1	\$90.6	\$86.9	\$91.2	\$91.4	\$95.4	\$102.2
Combined Draw Downs*	(18.1)	(16.4)	(17.4)	(19.6)	(18.7)	(15.7)	(14.8)	(11.0)	(3.2)	(22.0)
Estimated Appropriation^	52.5	13.5	26.4	10.1	15.0	20.0	15.0	15.0	10.0	15.0
Ending Balance	94.0	91.1	100.1	90.6	86.9	91.2	91.4	95.4	102.2	95.2

*Includes tax credits and sales tax exemptions. Amounts take into consideration all projects as of February 2024, excluding Fane Tower.

^ Appropriation levels for FY2026 through FY2031 have been chosen for demonstration purposes only. Consideration was given to keeping annual appropriations below \$25.0 million, while covering the draw downs, and leaving a reasonable ending balance (Senate Fiscal Staff estimates).

First Wave Closing Fund (\$10.0 million)

The First Wave Closing Fund incentive was established in FY2016 as a “last-dollar, flexible-financing” program to enable economic development transactions move forward that would not otherwise get funded and take place. It has received a net \$20.3 million in appropriation since then. It last received an appropriation in FY2018. In 2019, First Wave had a balance of \$12.7 million and had awarded \$2.6 million across seven projects. That year the General Assembly transferred \$5.0 million from First Wave to general revenue, reducing the balance to \$7.7 million.

In its FY2024 Budget request, the EOC asked to have the \$5.0 million restored, arguing that it would enable Commerce to continue to strategically and nimbly catalyze projects beneficial to the State’s economy. The Governor increased this by another \$15.0 million, recommending a total of \$20.0 million. The General Assembly reduced this by half, appropriating \$10.0 million. The Governor does not recommend additional funding in FY2025, resulting in \$10.0 million less in expenditures.

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

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

- The economic impact of the project
- The amount of the project financing gap

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

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

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

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

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

I-195 Redevelopment Fund ***(\$2.0 million)***

The Governor does not recommend additional funding in FY2025 for the I-195 Redevelopment Fund program, representing a \$2.0 million year-over-year reduction compared to the FY2024 enacted level. Budget includes \$2.0 million in FY2024 for the I-195 Redevelopment Fund program (Fund). The program has received \$28.0 million in total since inception and last received an appropriation in FY2019.

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

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

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

Destination Marketing **\$1.4 million**

The Governor recommends \$1.4 million in general revenue in FY2025 to market Rhode Island as a destination in out-of-state markets and airports. The ability of the Rhode Island Airport Corporation to directly do this work is limited by federal regulations. In both FY2023 and FY2024, the General Assembly appropriated \$1.5 million in federal SFRF funds for this purpose. It also required the Commerce Corporation to provide an equivalent amount out of its portion of the state hotel tax for the same purposes, for a total of \$6.0 million over the two fiscal years. No hotel tax revenue is required in FY2025. Unspent FY2023 SFRF funds totaling \$600,368 are reappropriated in FY2024. There are no federal funds budgeted in FY2025 for destination marketing.

Destination Marketing Funding FY2023 - FY2025

Source	FY2023 Actual	FY2024 Enacted	FY2024 Governor	Change	
				from Enacted	FY2025 Governor
SFRF	\$899,632	\$1,500,000	\$2,100,368	\$600,368	-
Commerce Corporation Hotel Tax Revenue	1,500,000	1,500,000	1,500,000	-	(1,500,000)
General Revenue	-	-	-	-	1,400,000
Total	\$2,399,632	\$3,000,000	\$3,600,368	\$600,368	(\$1,600,000)

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

Innovation Initiative **(\$1.0 million)**

The Budget includes \$1.0 million in FY2025 for the Innovation Initiative, \$1.0 million less than the enacted level. There has been \$15.5 million appropriated since 2016 for this program.

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

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

Small Business Assistance **Informational**

The Budget includes \$2.0 million in FY2025, consistent with the enacted level, for the State’s Small Business Assistance Program (SBA). The SBA program was established to help small businesses (under 200 employees) gain access to capital. Grants are capped at \$750,000. According to the Executive Office of Commerce, the program offers more operating flexibility than the long-standing Small Business Loan Fund, which is subject to federal regulations from the U.S. Economic Development Administration. The

Commerce Corporation partners with private lending institutions to administer the applications and program. According to the EOC, 201 loans have been made resulting in 385 jobs and more than 50.0 percent have gone to minority- or woman-owned businesses.

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

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

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

Lender	SBA Award	Total Loans Originated
<i>Traditional Lending</i>		
BDC Capital	965,352	16,058,567
Business Development Co of RI	2,308,000	6,863,285
Community Investment Corporation (CIC)	916,875	4,569,805
South Eastern Economic Devel. Corp (SEED)	1,991,400	5,662,937
<i>Subtotal</i>	<i>\$6,181,627</i>	<i>\$33,154,594</i>
<i>Micro Lending</i>		
CIC Microloans	627,300	1,233,600
CWE Microloans	159,000	159,000
SEG Microloans	267,750	276,500
Rhode Island Black Business Association	167,200	207,450
<i>Subtotal</i>	<i>\$1,221,250</i>	<i>\$1,876,550</i>
Total	\$7,402,877	\$35,031,144

Small Business Promotion ***Informational***

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

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

Aid to Tourism, Hospitality, and Events Industries (federal funds) ***\$2.0 million***

The Governor recommends repurposing \$2.0 million in previously appropriated ARPA SFRF funds to be used to support “placemaking” activities in FY2025. Rhode Island Commerce Corporation has supported businesses in the tourism, hospitality, and event industries through a grant programs that encourages capital improvement and event programming and “activations”. Also known as Commerce’s Placemaking Program, the initiative awarded 32 grants through the end of December, 2023, with \$3.0 million in SFRF funding obligated. Most of this is related to the event programming component. According to EOC, the

capital improvement projects are larger in scale and will take longer to complete and be reflected in the spending.

State Small Business Credit Initiative (federal funds)

Informational

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

QUASI-PUBLIC APPROPRIATIONS

The Budget provides \$14.2 million from general revenues to support the Rhode Island Commerce Corporation and several pass-through appropriations to fund specific economic programs. There are no FTE positions allocated to this program.

Quasi-Public Appropriations	General Revenue
FY2024 Enacted	\$13,561,774
<i>Target and Other Adjustments</i>	
Industrial Recreational Building Authority Obligations	452,553
Rhode Island Commerce Corporation Base Appropriation	215,553
FY2025 Governor	\$14,229,880

Quasi-Public Appropriations	Other Fund Changes
ARPA SFRF Port of Davisville (federal funds)	(59,000,000)

Industrial Recreational Building Authority Obligations **\$452,553**

The Governor includes \$452,553 in general revenue in FY2025 to meet a statutorily mandated moral obligation related to the Rhode Island Industrial Recreational Building Authority (RIIRBA).

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

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

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

The remaining balance owed on the bonds as of June 30, 2023, is \$648,322. At present, RIIRBA has insufficient funds in its portfolio to make the next payment, which totals \$452,553. Under Rhode Island law, RIIRBA insurance is back by the full faith and credit of the State (RIGL 42-34-15) and therefore requires the General Assembly to appropriate the necessary funds.

Rhode Island Commerce Corporation Base Appropriation**\$215,553**

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

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

The Budget includes \$8.5 million from general revenues to Commerce as its base allocation. This is \$215,553 more than the enacted level. Commerce's total budget in FY2025 is \$24.2 million. The base allocation represents 48.3 percent of the quasi-public agency's annual revenue. The balance is comprised of hotel tax revenue (36.0 percent), federal grants (1.8 percent), financial programs (2.8 percent), and other miscellaneous revenue (11.1 percent).

Commerce requested a \$521,631 increase in its base allocation in anticipation of increases in costs associated with personnel, healthcare, energy and technology. The lower amount reflected in the Governor's recommendation uses the 2.6 percent growth in inflation adopted by the November 2023 Revenue Estimating Conference.

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

Revenues	FY2022 Actual	FY2023 Actual	FY2024 Projected *	FY2025 Projected *	Change
State Appropriations					
RI Commerce Corporation Base Appropriation	\$7,659,565	\$7,947,778	\$8,290,488	\$8,687,776	\$397,288
Total State Appropriations	\$7,659,565	\$7,947,778	\$8,290,488	\$8,687,776	\$397,288
Other Revenues					
Hotel Tax Revenue	\$6,179,118	\$6,762,922	\$6,471,020	\$6,471,020	-
Finance Program Allocation	474,358	530,031	502,195	502,195	-
Federal Grants	329,000	333,738	331,369	331,369	-
Other	3,101,035	901,310	2,001,173	2,001,173	-
Total Other Revenues	\$10,083,511	\$8,528,001	\$9,305,757	\$9,305,757	-
Total Revenues	\$17,743,076	\$16,475,779	\$17,596,244	\$17,993,533	397,288
Expenditures					
Total Operations (Personnel and Operating)	\$14,701,888	\$19,017,708	\$19,522,615	\$20,040,927	\$504,907
Grants or Partnerships	4,460,104	3,860,907	4,160,506	4,160,506	299,599
Total Expenditures	\$19,161,992	\$22,878,615	\$23,683,121	\$24,201,433	\$804,506
Operating Surplus/(Deficit)	(\$1,418,916)	(\$6,402,836)	(\$6,086,877)	(\$6,207,900)	(407,218)
Pass-Through and Federal Grants					
STAC Research Alliance (EPScore)	\$900,000	\$900,000	\$900,000	\$900,000	-
Innovative Matching Grants	1,000,000	1,000,000	1,000,000	1,350,000	-
Renewable Energy Fund	2,628,789	11,738,838	5,500,000	5,500,000	(6,238,838)
Airport Impact Aid	1,000,102	1,010,036	1,010,036	1,010,036	-
Chafee Center at Bryant/International Trade Export Prog.	476,200	476,200	476,200	476,200	-
Polaris Manufacturing Technical Assistance	350,000	450,000	450,000	450,000	-
East Providence Waterfront Commission	50,000	50,000	50,000	50,000	-
Urban Ventures/Minority Entrepreneurship Prog.	140,000	140,000	140,000	140,000	-
Municipal Infrastructure Bank Match	1,000,000	2,500,000	-	-	-
OSCAR Program - RIIB	-	4,000,000	-	-	(4,000,000)
Pass-Through - Subtotal	7,545,091	22,265,074	9,526,236	9,876,236	(10,238,838)
Federal Grants	329,000	333,738	357,584	383,134	-
Federal Grants - Subtotal	329,000	333,738	357,584	383,134	23,846
Total	7,874,091	22,598,812	9,883,820	10,259,370	(\$12,714,992)

Source: Executive Office of Commerce

* Pending Board Approval

Port of Davisville (federal funds)**(\$59.0 million)**

The Budget includes a reduction of \$59.0 million in FY2025 in federal ARPA State Fiscal Recovery Funds for the Port of Davisville within the EOC's Quasi-Public Appropriations Programs. This drop reflects a

one-time SFRF appropriation in FY2024 that does not reoccur in FY2025. The original appropriation supports the advancement of the Quonset Development Corporation's (QDC) infrastructure master plan.

The Port of Davisville is a publicly-owned international shipping port located within the Quonset Business Park (QBP) in North Kingstown. The facilities currently include 4,500 linear feet of berthing space, consisting of five terminals, two piers (each 1,200 feet in length), a bulkhead, 32 feet of controlled water depth, on-dock rail, and 60 acres of laydown and terminal storage.

CAPITAL PROJECTS

The Budget includes \$316.0 million in capital project spending for FY2023-FY2028, with \$114.6 million in FY2023 and \$147.0 million in FY2024.

EOC Capital Projects	FY2024			FY2025			FY2026-FY2029			Total
	RICAP	Bonds	Agency Funds	RICAP	Bonds	Agency Funds	RICAP	Bonds	Agency Funds	
Broadband Infrastructure	-	-	\$25.0	-	-	-	-	-	-	\$25.0
Port of Davisville	-	8.4	59.0	-	-	-	-	20.0	-	87.4
I-195 Commission	1.0	-	-	0.6	-	-	2.1	-	-	3.7
I-195 Park Improvements	-	3.8	-	3.0	-	-	-	-	-	6.8
Innovations Centers	-	4.2	-	-	7.3	-	-	6.5	-	18.0
ProvPort	-	0.8	-	-	5.0	-	-	4.2	-	10.0
Quonset Infrastructure and Carrier Pier	-	-	-	4.8	-	-	5.0	-	-	9.8
South Quay Marine Terminal	-	-	35.0	-	-	-	-	-	-	35.0
Industrial Site Development	-	2.5	-	-	10.0	-	-	10.0	-	22.5
Total	\$1.0	\$19.7	\$119.0	\$8.4	\$22.3	-	\$7.1	\$40.7	-	\$218.1

\$ in millions

- Broadband Infrastructure:** The Budget includes \$25.0 million in federal American Rescue Plan Act (ARPA) Capital Projects funds for Broadband Infrastructure in FY2024 to finance broadband projects that will provide high-speed, reliable internet to across the entire state. Funds will be awarded to municipalities, public housing authorities, business cooperatives and local internet service providers for projects targeted at those unserved and underserved by the current infrastructure as defined by national telecommunications and information administration standards.
- Port of Davisville:** The Budget includes \$59.0 million in ARPA State Fiscal Recovery Funds in FY2024 to advance of the Quonset Development Corporation's (QDC) infrastructure master plan. The recommendation also includes \$10.0 million of bond proceeds in both FY2026 and FY2027 3 for the same purpose.
- I-195 Commission:** The Budget includes \$963,819 from the RI Capital Plan Fund in FY2024 and \$646,180 in FY2025 for the continued development of the land made available by the relocation of I-195. Funding will continue to support engineering, design review, legal work for ongoing and prospective deals, and the design and construction of additional park infrastructure enhancements.
- I-195 Park Improvements:** The Budget includes \$3.8 million in bond proceeds to help finance the construction of park infrastructure enhancements adjacent to the Providence River Pedestrian Bridge in the I-195 District in FY2024 and \$3.0 million in FY2025. In March 2021, voters approved a \$4.0 million bond referendum for this purpose. Funding is being used to construct park infrastructure enhancements, including a pavilion for food and beverage service, enhanced infrastructure, office space, and a small storage facility.
- Innovation Centers:** The Budget includes \$4.2 million in FY2024 and \$7.3 million in FY2025 from bond proceeds to support additional business collaborations with higher education institutions, where cutting-edge research will be developed into new products, services, and businesses. Project funding was authorized by voters in 2016. Projects include the RI Innovation Hub and Accelerator, the

University of Rhode Island & Arizona State University Innovation Hub, and the RI Agricultural Technology Park.

- **ProvPort:** The Budget includes \$780,000 in FY2024 and \$5.0 million in FY2025 from the 2016 General Obligation bond authorization to increase terminal capacity at the Port of Providence, specifically by financing the acquisition of up to 25 acres of land located between Allens Avenue in the City of Providence and the Providence River. Once acquired and improved, the State of Rhode Island anticipates leasing the land to ProvPort, the City of Providence's current port operator. ProvPort, in turn, will enter into subleases with one or more private terminal operators. Those entities will make private investments in their terminal operations as well as pay fees to ProvPort for the land they lease. The State will share in the gross revenues, including sublease payments, generated from the expanded port area. The State will also realize additional income taxes from expanded employment.
- **Quonset Infrastructure and Carrier Pier:** The Budget includes \$4.8 million in Rhode Island Capital Plan funds in FY2025 for capital improvements to the infrastructure and piers at Quonset. The Port has two piers (Pier One and Pier Two) that are long past their expected useful lifespan. As part of the Quonset Development Corporation's \$205.0 million Port of Davisville master plan, Pier 2 will be rehabilitated by building an east extension and installing a sheet pile bulkhead.
- **South Quay Marine Terminal:** The Budget includes \$35.0 million in ARPA SFRF funds to develop a marine terminal industry on the East Providence waterfront that would support the offshore wind industry. This project is currently stalled based on failure to meet statutory deadlines for financing and cannot move forward absent a change in statute. The PRO has identified the project as at risk of not meeting expenditure deadlines required by the U.S. Treasury.
- **Industrial Site Development:** The Budget includes \$8.0 million in bond proceed funding in FY2024 for industrial site development. In March 2021, voters approved a \$40.0 million bond referendum for this purpose. According to the EOC, the funds are being allocated competitively for the purpose of preparing sites for the development of facilities related to manufacturing, assembly, distribution, and other job-producing commercial activities.

Department of Housing

Expenditures by Program	FY2023 Actual*	FY2024 Enacted	FY2024 Governor	Change from Enacted		FY2025 Governor	Change from Enacted	
Department of Housing - Central Management	-	\$251.7	\$323.8	\$72.2	28.7%	\$36.0	(\$215.6)	-85.7%
Executive Office of Commerce - Office of Housing and Community Development	72.2	-	-	-	-	-	-	-
Total	\$72.2	\$251.7	\$323.8	\$72.2	28.7%	\$36.0	(\$215.6)	-85.7%

Expenditures by Source	FY2023 Actual*	FY2024 Enacted	FY2024 Governor	Change from Enacted		FY2025 Governor	Change from Enacted	
General Revenue	\$3.9	\$33.0	\$31.5	(\$1.5)	-4.6%	\$9.8	(\$23.2)	-70.2%
Federal Funds	48.7	211.0	284.7	73.7	34.9%	18.5	(\$192.5)	-91.2%
Restricted Receipts	19.5	7.7	7.7	-	0.0%	7.7	-	0.0%
Total	\$72.2	\$251.7	\$323.8	\$72.2	28.7%	\$36.0	(\$215.6)	-85.7%

Authorized FTE Levels	FY2023 Actual*	FY2024 Enacted	FY2024 Governor	Change from Enacted		FY2025 Governor	Change from Enacted	
Authorized FTE Levels	17.0	38.0	38.0	-	-	38.0	-	-

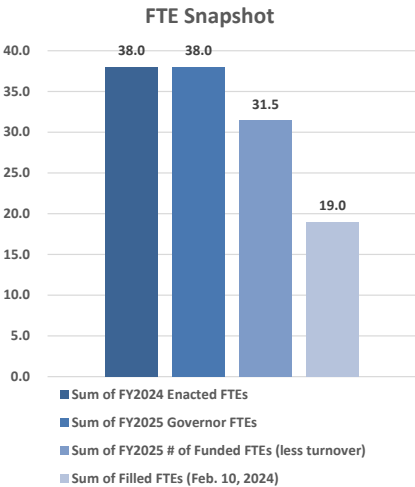
*\$ in millions. Totals may vary due to rounding.
 FY2023 Actual levels reflect the amount budgeted for the Office of Housing and Community Development within the Executive Office of Commerce (EOC) and are provided to show relative housing expenditures across fiscal years. The EOC fiscally and administratively supported the Department prior to January 1, 2023.

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

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

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

These various pieces of enabling legislation, however, were only cursory in nature. Article 6 of the FY2024 Budget as Enacted elaborates more extensively on the authority of the Secretary of Housing and the Department, providing the agency with powers and duties that are mostly consistent with other cabinet-level directors and departments. These include more detailed regulatory, administrative, operational, and programmatic authorities.



MAJOR ISSUES AND TRENDS

The Budget includes \$36.0 million in all funds for the Department of Housing. This includes \$9.8 million in general revenue, \$18.5 million in federal funds, and \$7.7 million in restricted receipt funding. General revenue funding decreases by \$23.2 million, or 70.2 percent, relative to the FY2024 Budget as Enacted. The FY2024 Budget as Enacted included an exceptional \$28.0 million appropriation to capitalize the Low-

Income Housing Tax Credit fund. FY2025 does not require a repeat of this large capitalization, and includes \$4.0 million for the program.

The Budget also includes funding for 31.5 of the 38.0 FTE positions authorized for FY2025, or 83.0 percent. As of February 10, 2024, the Department had 19.0 FTE positions filled (50.0 percent).

State Housing Plans

When the General Assembly established the Secretary of Housing position, among the responsibilities it was assigned was to produce a State Housing Organizational Plan due November 1, 2022. The plan was to review, analyze, and assess housing-related functions across all state departments, quasi-public agencies, boards, and commissions. It was to be informed by input from each department, agency, board, and commission, and to include comprehensive options, including the advantages and disadvantages of each. The Secretary was to make recommendations relating to the organization of the Department and the reorganization of housing governance and structure, including interagency relationships.

The plan was submitted on November 18, 2022, and was incomplete. During testimony before the Senate Finance Committee in May 2023, the Secretary indicated that a Rhode Island Foundation effort culminating in an April 2023 report titled “Housing Supply and Homelessness in Rhode Island – Observations and Options”, would serve as the foundational document for housing reorganization.

Separate from the State Housing Organizational Plan, the Department is also mandated to create an annual Integrated Housing Report, and is currently undertaking a Statewide Housing Plan project as one of its many State Fiscal Recovery Fund (SFRF) initiatives. While the State Housing Organizational Plan was intended to direct the structure and governance of the Department itself, these additional plans are intended to provide data and updates on the state of housing in Rhode Island. The Integrated Housing Report, in particular, is an annual requirement reporting on issues including but not limited to housing, municipal government, and health. The Statewide Housing Plan SFRF project has a total appropriation of \$2.0 million to support the development of a statewide comprehensive housing plan including funding for municipal planning efforts.

Analyst Note: *The statutory language for the Integrated Housing Report currently remains in the Executive Office of Commerce (EOC). The report was first required in December 2021, prior to the establishment of the Department of Housing outside of the EOC, and there has not yet been a technical change to shift the report to the Department within the Budget.*

State Housing Plan Status Update: The Department contracted with Abt Associates as a consultant for the Statewide Housing Plan, State Fiscal Recovery Fund (SFRF) project. As of February 7, 2024, \$344,000 in ARPA SFRF funding has been obligated to this contract. The Department anticipates additional work will be added to the scope and intends to obligate further funds from the SFRF project for a Statewide Housing Plan to this end. The Department delivered an Integrated Housing Report in December of 2023, and has indicated that the Abt Associates contract was instrumental in the report’s completion. The FY2025 Budget shifts the deadline for the Integrated Housing Report from December 3 annually to April 15, with the next report due in April 2025. The Budget also adds the following requirements to the report:

- Requires every three years, beginning in 2026, and contingent upon funding, an assessment of the suitability of existing housing stock in meeting accessibility need of residents;
- Requires every three years, beginning in 2026, a projection of the number of units required to meet estimated population growth based on household formation rates;
- Requires data on the disparities in mortgage loan financing by race and ethnicity;
- Requires the annual median gross rent for each of the previous five years by municipality; and,

- Requires the annual growth in median owner-occupied home values for each of the previous five years by municipality

Department Organization

As discussed in the State Housing Plans section, the Department was tasked with a State Housing Organizational Plan which was intended to make recommendations for the organization of the Department. This plan was created, deemed incomplete, and the Department subsequently determined that a Rhode Island Foundation report entitled “Housing Supply and Homelessness in Rhode Island – Observations and Options” would serve as the foundational document for housing organization.

The current Secretary indicated in public remarks in March 2023 that he is interested in creating five sections within the Department to deal with “housing support for individuals and families, housing development, community development, engagement and sustainability, policy and planning, and operations support”. The FY2025 Budget maintains five subprograms within the one Central Management program as established by OMB. Notably, three of the five subprograms include no funding in FY2025. The Community Planning and Funding, Housing Development, and Housing Stabilization subprograms contain only federal funding from ARPA SFRF projects, for which no additional funding is included in the FY2025 Budget due to federal expenditure deadlines. The Department anticipates that bond, Low Income Housing Tax Credit, Community Development Block Grant, and other funding will support these subprograms in the future. Funding for FY2025 is largely evenly distributed between the remaining two programs, as illustrated in the table below.

Subprogram	FY2024 Enacted	FY2025 Governor	Change	Initiatives
Secretary	\$43,162,045	\$17,504,746	(\$25,657,299)	OHCD, Housing Production Fund, Housing Resources Commission
Administration	15,493,898	18,530,670	3,036,772	USHUD Non-ARPA Federal Grant Programs
Housing Development	142,500,000	-	(142,500,000)	SFRF: Affordable Housing, Predevelopment and Development, Homelessness Infrastructure, Site Acquisition, Municipal Planning
Housing Stabilization	41,000,000	-	(41,000,000)	SFRF: Down Payment, Homelessness Stability, Workforce Housing
Community Planning and Funding	9,500,000	-	(9,500,000)	SFRF: Community Revitalization
Total	\$251,655,943	\$36,035,416	(\$215,620,527)	

Housing Production Fund

The Housing Production Fund was established by the General Assembly in 2021 to provide support for the planning, production, and preservation of affordable housing in Rhode Island. That same year a dedicated revenue stream for the fund was established. Article 14 of the FY2022 Budget as Enacted increased the State’s real estate conveyance tax on the portion of real estate value over \$800,000, with the marginal new revenue to be deposited into the HPF and used to support increased affordable housing opportunities in the State. In addition to this funding, the General Assembly provided it with a one-time infusion of \$25.0 million in general revenue. At the start of FY2024 the fund had a balance of approximately \$16.0 million, with a projected end of FY2024 balance of \$15.5 million.

Affordable Housing Bonds

The Budget proposes the issuance of \$100.0 million in general obligation bonds to increase production of affordable and middle-income housing, invest in housing related infrastructure, support community revitalization projects, and promote home ownership. Assuming full issuance in bond year 1 and 5.0 percent interest, annual debt service payments are estimated at \$8.0 million. Total debt service over a 20-year term would be \$160.5 million, including \$60.5 million in interest payments. While the bond language does not specify how the funds would be distributed by initiative, the Department has proposed an allocation that would include a minimum of \$7.5 million for priority projects for vulnerable Rhode Islanders, \$5.0 million for Accessory Dwelling Unit investments, \$5.0 million for community revitalization efforts, and \$10.0

million for an enhanced housing development pipeline. The funding is proposed with the following funding schedule.

Proposed Affordable Housing Bond	FY2026	FY2027	FY2028	Total
G.O. New Referenda	\$34.6	\$43.7	\$21.7	\$100.0
<i>\$ in millions</i>				

CENTRAL MANAGEMENT

The Budget appropriates funding to the Department of Housing through one program line and five subprograms. Within the main Central Management program are the subprograms of the Office of the Secretary, Administration, Community Planning and Funding, Housing Stabilization, and Housing Development. Of these subprograms, only the Office of the Secretary receives general revenues and restricted receipt funding; the remaining subprograms are funded entirely through federal funds.

Central Management	General Revenue
FY2024 Enacted	\$32,997,895
<i>Target and Other Adjustments</i>	53,478
Low Income Housing Tax Credit Program	(24,000,000)
OHCD Adjustments	359,125
Centralized Services (Statewide Adjustment)	322,098
Shepard Building Reallocation	108,000
FY2025 Governor	\$9,840,596
Central Management	Other Funds
ARPA SFRF Housing and Homelessness Initiatives (federal funds)	(195,500,000)
Non-ARPA SFRF Federal Grants (federal funds)	3,036,772
Housing Resources Commission (restricted receipts)	Informational
Housing Production Fund (restricted receipts)	Informational
Affordable Housing Bonds (other funds)	Informational

Low-Income Housing Tax Credit Program **(\$24.0 million)**

The Budget includes \$4.0 million to support a tax credit program intended to increase the development of affordable housing in the State, a decrease of \$24.0 million as compared to the FY2024 Budget as Enacted. The program, established in Article 6 of the FY2024 Budget, allows the Secretary of Housing to grant up to \$30.0 million in tax credits annually for five years to promote development of affordable, low-income housing. The article also established a Low-Income Housing Tax Credit (LIHTC) restricted receipt fund within the Department for the purpose of paying for the redemption of credits or reimbursing the state for credits applied to tax liabilities. The \$4.0 million appropriation for FY2025 is consistent with the initial LIHTC schedule, which outlines yearly appropriations through FY2031, and would bring the cumulative fund appropriation to date to \$32.0 million.

OHCD Adjustments **\$359,125**

The Budget adds \$359,125 for legal and other professional services that were not included in the FY2024 Budget for the Office of Housing and Community Development (OHCD).

Shepard Building Reallocation **\$108,000**

The Budget includes \$108,000 for necessary furniture, equipment, and supplies as well as leasing costs for the Department’s move into the Shepard Building in Providence. The Department of Housing is moving into 80 Washington Street, also known as the Shepard Building, which was previously occupied and operated by the University of Rhode Island. Beginning in FY2025, DCAMM will take over maintenance

and operations of the building and the Department of Housing will be charged for the square footage they occupy in the building.

ARPA SFRF Housing and Homelessness Initiatives (federal funds) (\$195.5 million)

The Budget includes no funding for the Department’s State Fiscal Recovery Fund (SFRF) initiatives in FY2025, a \$195.5 million reduction in SFRF funding as compared to the FY2024 Budget as Enacted. It was previously determined that in order to meet U.S. Department of Treasury requirements, all ARPA SFRF funding must be obligated by the end of FY2024. In order to meet this deadline, all funding for SFRF projects was shifted to FY2024 or earlier in the FY2024 Budget as Enacted. The following table illustrates total appropriations from FY2022-FY2025 for each of the Department’s initiatives.

ARPA SFRF Initiative	FY2022 Actual*	FY2023 Enacted*	FY2023 Final*	FY2023 Actual*	Change	FY2024 Enacted	FY2024 Governor	Change	FY2025 Governor	Change	Total Appropriation
Development of Affordable Housing	\$14.7	\$30.0	\$30.3		(\$30.3)	\$55.0	\$85.3	\$30.3	-	(\$55.0)	\$100.0
Homelessness Infrastructure		15.0	15.0	3.7	(11.3)	30.0	41.3	11.3	-	(30.0)	\$45.0
Targeted Housing Development		-	-	-	-	31.0	31.0	-	-	(31.0)	\$31.0
Down Payment Assistance		10.0	10.0	10.0	0.0	20.0	20.0	-	-	(20.0)	\$30.0
Site Acquisition	6.0	3.0	9.0	9.0	0.0	10.0	10.0	-	-	(10.0)	\$25.0
Home Repair and Community Revitalization		15.0	15.0	-	(15.0)	9.5	24.5	15.0	-	(9.5)	\$24.5
Homelessness Assistance Programs		7.0	8.5	5.6	(2.9)	13.0	15.9	2.9	-	(13.0)	21.5
Workforce and Middle-Income Housing		12.0	12.0	-	(12.0)	8.0	20.0	12.0	-	(8.0)	20.0
Affordable Housing Predevelopment Program		2.5	2.5	2.5	-	7.5	7.5	-	-	(7.5)	10.0
Housing Related Infrastructure		-	-	-	-	4.3	4.3	-	-	(4.3)	4.3
Municipal Homelessness Support		-	-	-	-	2.5	2.5	-	-	(2.5)	2.5
Municipal Planning		-	-	-	-	2.3	2.3	-	-	(2.3)	2.3
Statewide Housing Plan		2.0	2.0	-	(2.0)	-	2.0	2.0	-	-	2.0
Predevelopment and Capacity Building	0.1	0.5	0.9	0.5	(0.4)	0.5	0.9	0.4	-	(0.5)	1.5
Proactive Housing Development		-	-	-	-	1.4	1.4	-	-	(1.4)	1.4
Preservation of Affordable Housing Units		-	-	-	-	0.5	0.5	-	-	(0.5)	0.5
Total	\$20.8	\$97.0	\$105.2	\$31.3	(\$73.9)	\$195.5	\$269.4	\$73.9	-	(\$195.5)	\$321.5

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

* FY2022 and FY2023 levels reflect the amount included for the Office of Housing and Community Development within the Executive Office of Commerce (EOC)

- Development of Affordable Housing:** The Budget includes no additional funding for this initiative in FY2025, a decrease of \$55.0 million as compared to the FY2024 Budget as Enacted. This initiative has a total appropriation of \$100.0 million to provide an enhanced gap-financing subsidy for affordable housing developments serving households earning no more than 80.0 percent of area median income (AMI). Three rounds of funding have been conducted for awards under the program, with the third round of applications under review by RIHousing as of February 7, 2024. Projects from the first two rounds of awards are either already under construction or moving towards closing by September 2024. The third round of funding, which is expected to award the remainder of the project’s available funds, is anticipated to be awarded by May 2024 with an estimated closing date of early 2025.

The funding also includes a requirement to provide \$10.0 million for the establishment of a pilot program supporting low-income public housing through project-based rental assistance vouchers and financing for pre-development, improvement, and housing production costs. This project has begun awarding grants for technical assistance and predevelopment funding on a rolling basis and these awards are expected to be closed by the end of FY2024. The project also put out an RFP for redevelopment funding, which resulted in 3 awards anticipated to range in closing from the end of FY2024 to the third quarter of FY2025.

The FY2024 Governor’s Revised Budget adds \$30.3 million to the \$55.0 million included in the FY2024 Budget, shifting unspent funds from FY2023 forward and bringing the total FY2024 allocation to \$85.3 million.

- Homelessness Infrastructure:** The Budget includes no additional funding for this initiative in FY2025, a decrease of \$30.0 million as compared to the FY2024 Budget as Enacted. This initiative has a total appropriation of \$45.0 million to expand the capacity of the shelter system to address homelessness in the State, including allocating \$10.0 million to increase permanent supportive housing through Crossroads Rhode Island.

The non-Crossroads allocation of the funding for this initiative is divided into a Phase I, with a \$5.0 million allocation, and Phase II, with a \$30.0 million allocation. As of January 2024, Phase I has spent approximately \$4.1 million of the appropriation, with an additional \$0.7 million selected for award. Phase II has spent, obligated, or committed approximately 80.0 percent of its funding, with \$10.0 million allocated for acquisitions and \$20.0 million allocated for warming center capacity and the Consolidated Homeless Fund (CHF). The Department has several initiatives in progress, including a purchase and sale agreement for the acquisition of the former Charlesgate Nursing Home and a contract with House of Hope for the creation of Echo Village, a 45-unit pallet shelter. The Crossroads funding is supporting the construction of a new facility which will contain 176 one-bedroom units with private bathrooms and kitchens to replace a similar building with shared bathrooms and kitchens. The groundbreaking for this project took place in August 2023 and the project is anticipated to be completed by December 2025.

The FY2024 Governor's Revised Budget adds \$11.3 million to the \$30.0 million included in the FY2024 Budget shifting unspent funds from FY2023 forward and bringing the total FY2024 allocation to \$41.3 million.

- **Targeted Housing Development:** The Budget includes no additional funding for this initiative in FY2025, a decrease of \$31.0 million as compared to the FY2024 Budget as Enacted. This initiative has a total appropriation of \$31.0 million for two sub-programs related to the development of housing in targeted areas and/or priority projects, including development of permanent supportive housing and housing in transit-oriented districts.

The project includes \$27.0 million for a priority projects fund, which is intended to provide funding for the development of new supportive housing and multi-family units for housing that is difficult to build with traditional financing tools, with a particular focus on housing for older adults, veterans, individuals transitioning out of state care, and individuals with disabilities. Funding for this portion of the project was included in the Consolidated Housing Fund RFP through RIHousing in November 2023, and awards are expected to be made in May 2024. RIHousing received \$61.0 million in requests for the available \$27.0 million in funding.

\$4.0 million is also included to provide funding for the development of housing in areas designated by municipalities as Transit-Oriented zones due to their proximity to public transit. Projects that receive this funding must have at least 10.0 percent of units designated for households earning at or below 80.0 percent of average median income (AMI), with priority given to projects with a higher percentage of units at or below AMI. Funding for this portion of the project was also included in the Consolidated Housing Fund RFP through RIHousing in November 2023, and awards are expected to be made in May 2024. RIHousing received \$10.9 million in requests for the available \$4.0 million in funding.

- **Down Payment Assistance:** The Budget includes no additional funding for this initiative in FY2025, a decrease of \$20.0 million as compared to the FY2024 Budget as Enacted. This initiative has a total appropriation of \$30.0 million to provide financial resources to eligible first-time home buyers to help lower down payment costs and promote homeownership. The appropriation provides \$10.0 million in FY2023 and \$20.0 million in FY2024.

Funding for this initiative has been fully committed. As of February 7, 2024, the program had awarded 1,497 contracts for assistance, with \$1.1 million in pending awards and \$2.7 million in available funding. The program had previously awarded all funds and was closed to new applicants, however a slightly higher attrition rate than anticipated resulted in the \$2.7 million available balance. RIHousing briefly reopened the program to new applicants in order to distribute the remaining funds but has since closed the program again due to high demand. It is anticipated that all funds will be awarded by the end of CY2024.

- **Site Acquisition:** The Budget includes no additional funding for this initiative in FY2025, a decrease of \$10.0 million as compared to the FY2024 Budget as Enacted. This initiative has a total appropriation of \$25.0 million to support the acquisition of properties for redevelopment as affordable and supportive housing for households earning no more than 80.0 percent of area median income (AMI). The program includes \$6.0 million in FY2022, \$9.0 million in FY2023, and \$10.0 million in FY2024.

As of February 7, 2024, 40 projects have been awarded funding on a rolling basis through this program. 24 of these projects have closed and secured sites for the development of affordable housing, with the additional 6 closings scheduled by the fourth quarter of FY2024. \$1.2 million of the funds remain to be committed, and the Department and RIHousing have indicated that the project will close out all of these funds by the end of FY2024.

- **Home Repair and Community Revitalization:** The Budget includes no additional funding for this initiative in FY2025, a decrease of \$9.5 million as compared to the FY2024 Budget as Enacted. This initiative has a total appropriation of \$24.5 million to expand RIHousing's acquisition and revitalization program, which finances the acquisition and redevelopment of blighted properties to increase the number of commercial and community spaces in disproportionately impacted communities and/or to increase the development of affordable housing. The program is intended to service communities in predominately low-and-moderate-income census tracts and households earning no more than 80.0 percent of area median income.

Of total project funding, \$20.0 million is allocated for community revitalization efforts and \$4.5 million for a home repair program. The community revitalization program has conducted two funding rounds, with the second round of applications under review by RIHousing as of February 7, 2024. It is anticipated that the second round of awards will result in all remaining funding being awarded. One project from the initial round of funding is already under construction, with the additional projects moving towards closing in FY2024 and awards from the second round of funding anticipated to close in early 2025. The home repair program has issued a tentative award to an administrative agency following an RFP which closed on January 11, 2024. The agency is expected to be contracted by March 2024, fully obligating the funds, with a program roll out by summer 2024 for a program that is anticipated to operate for about 18 months.

The FY2024 Governor's Revised Budget adds \$15.0 million to the \$9.5 million included in the FY2024 Budget, shifting unspent funds from FY2023 forward and bringing the total FY2024 allocation to \$24.5 million.

- **Homelessness Assistance Programs:** The Budget includes no additional funding for this initiative in FY2025, a decrease of \$13.0 million as compared to the FY2024 Budget as Enacted. This initiative has a total appropriation of \$21.5 million to increase available shelter beds and statewide housing stability services, including the provision of services such as homelessness prevention, rapid rehousing, and emergency shelter to groups that have traditionally struggled with access to services.

Funds for this program are anticipated to be fully obligated by the end of FY2024, with nearly all funds from the FY2022 and FY2023 appropriations already committed and all funds for FY2024 either committed or in the process of being contracted. The program has provided housing stability services to 1,503 people and warming center services to 110 people, with a positive destination exit rate of 16.0 percent. The program has also secured 112 rapid rehousing units and increased statewide shelter capacity by 30.0 percent as compared to the previous winter.

The FY2024 Governor's Revised Budget adds \$2.9 million to the \$13.0 million included in the FY2024 Budget, shifting unspent funds from FY2023 forward and bringing the total FY2024 allocation to \$15.9 million.

- **Workforce and Middle-Income Housing:** The Budget includes no additional funding for this initiative in FY2025, a decrease of \$8.0 million as compared to the FY2024 Budget as Enacted. This initiative

has a total appropriation of \$20.0 million to increase the housing supply for both rental housing and homeownership for families earning between 80.0 percent and 120.0 percent of area median income (AMI).

The program has conducted two rounds of funding, with the second round of applications under review by RIHousing as of February 7, 2024. Of the projects already awarded funding, one is already under construction while the remainder are working towards closing in FY2024. Projects awarded in the second round of funding are expected to have closing dates in early 2025, and the funding awarded in this round is anticipated to result in the distribution of all remaining funds.

The FY2024 Governor's Revised Budget adds \$12.0 million to the \$8.0 million included in the FY2024 Budget, shifting unspent funds from FY2023 forward and bringing the total FY2024 allocation to \$20.0 million.

- **Affordable Housing Predevelopment Program:** The Budget includes no additional funding for this initiative in FY2025, a decrease of \$7.5 million as compared to the FY2024 Budget as Enacted. This initiative has a total appropriation of \$10.0 million to support predevelopment work for proposed affordable housing developments to build a pipeline of new projects and build the capacity of affordable housing developers in the state to expand affordable housing production. As of February 7, 2024, RIHousing has approved 44 awards, 23 of which have closed. It is anticipated that final awards for the program, which are distributed on a rolling basis, will close by the fourth quarter of FY2024. The project includes \$2.5 million in funding for FY2023 and \$7.5 million in FY2024.
- **Housing Related Infrastructure:** The Budget includes no additional funding for this initiative in FY2025, a decrease of \$4.3 million as compared to the FY2024 Budget as Enacted. This initiative has a total appropriation of \$4.3 million to allocate funds to the Rhode Island Infrastructure Bank (RIIB) in support of physical infrastructure such as roads, sewer connections, and utility capacity, that is necessary to produce additional housing. RIIB issued an RFP on January 17, 2024, to formally establish the program, and awards are anticipated by spring 2024. It is expected that funds will be spent by spring 2025.
- **Municipal Homelessness Support:** The Budget includes no additional funding for this initiative in FY2025, a decrease of \$2.5 million as compared to the FY2024 Budget as Enacted. This initiative has a total appropriation of \$2.5 million to provide grants for community services that would help emergency shelters improve outcomes in local communities, including but not limited to homeless outreach, day programs, ambulance response, and subsidizing municipal services delivered in support of shelters.

Funding for this program has been divided into three sub-programs of award categories: formula grants, competitive grants, and emergency winter hub grants. Applications for funding through this program opened on October 31, 2023. To date, the Department has approved three applications for emergency winter hubs, one each in Woonsocket, Newport, and West Warwick, as well as one competitive grant application. If funds are available, the Department intends to run a second round of applications next winter, with an anticipated conclusion of the program at the end of the winter of 2024-25.

- **Municipal Planning:** The Budget includes no additional funding for this initiative in FY2025, a decrease of \$2.3 million as compared to the FY2024 Budget as Enacted. This initiative has a total appropriation of \$2.3 million including \$1.3 million to support a municipal fellows program and \$1.0 million to provide technical assistance grants to municipalities for Transit-Oriented Development (TOD).

Following an RFP for a program manager which closed on January 18, 2024, a contract was anticipated to be awarded for the municipal fellows portion of the program in early spring 2024. The program is intended to be a two-year program ending in the second quarter of CY2026, with the grant solicitation for municipalities expected to be issued in April 2024. A grant RFP for the technical assistance portion of the program has been designed and approved and is anticipated to be issued in the spring of 2024.

Funding for this portion is intended to be issued on a rolling basis until funding is fully obligated, which the Department anticipates will be in FY2024 based on demand and level of interest expressed in the design portion of the program.

- **Statewide Housing Plan:** The Budget includes no additional funding for this initiative in FY2025 and shifts \$2.0 million in unspent funds from FY2023 into FY2024, an increase of \$2.0 million in FY2024 as compared to the FY2024 Budget as Enacted. This initiative has a total appropriation of \$2.0 million to support the development of a statewide comprehensive housing plan including funding for municipal planning efforts.

Analyst Note: *The Department appears to have shifted the project description for this initiative. Statutory language for the Statewide Housing Plan SFRF project is as follows: “These funds shall be allocated to the development of a statewide comprehensive housing plan to assess current and future housing needs, consider barriers to home ownership and affordability, and identify services needed for increased investment toward disproportionately impacted individuals and communities. These funds shall be used to support municipal planning efforts to identify and cultivate viable sites and housing projects”.*

In a February 8, 2024, hearing on SFRF projects, the Department of Housing provided an update on this project that indicated a preference towards a “set of work” made up of multiple unique plans rather than a standalone unified housing plan. In a written update on the project, the Department updated the project description to include “plans” rather than one singular plan, and highlighted RFPs which have been issued within the project scope for School Cost Fiscal Impact Analysis, a Green Housing Consultant, and A/E Feasibility Studies.

A second phase of the project appears to have the intention of engaging municipalities, but it is not specifically clear how this will meet the statutory language requiring the project to “support municipal planning efforts” as written above.

- **Predevelopment and Capacity Building:** The Budget includes no additional funding for this initiative in FY2025, a decrease of \$500,000 as compared to the FY2024 Budget as Enacted. This initiative has a total appropriation of \$1.5 million to support increased contract staffing capacity to administer proposed affordable housing projects.

Funding from this initiative has allowed the Department to hire ten contract staff to support initiatives related to the Department’s goals and assist Rhode Islanders experiencing homelessness through program design, development, and implementation. \$985,454 of the funding has been spent as of February 7, 2024, with a remaining \$416,870 projected to be spent by the end of CY2024.

The FY2024 Governor’s Revised Budget adds \$400,000 to the \$500,000 included in the FY2024 Budget, shifting unspent funds from FY2023 forward and bringing the total FY2024 allocation to \$900,000.

- **Proactive Housing Development:** The Budget includes no additional funding for this initiative in FY2025, a decrease of \$1.4 million as compared to the FY2024 Budget as Enacted. This initiative has a total appropriation of \$1.4 million to support a new initiative focused on proactive development activities, including staffing, to be conducted by the enhanced subsidiary of the Rhode Island Housing and Mortgage Finance Corporation established under Article 6 of the Budget. The new subsidiary was officially established by RIHousing at their January board meeting, and the entity had its first board meeting on January 11, 2024.
- **Preservation of Affordable Housing Units:** The Budget includes no additional funding for this initiative in FY2025, a decrease of \$500,000 as compared to the FY2024 Budget as Enacted. This initiative has a total appropriation of \$500,000 to support the preservation of existing structures for affordable housing, particularly for properties at risk of foreclosure or blight. An RFP for this project was posted

with solicitation open through January 29, 2024. Six responses were received to be evaluated, with an award expected to be made by the end of the first quarter of CY2024. The selected vendor will establish and operate a revolving loan fund to prevent the loss of affordable housing units that are at risk due to foreclosure.

Non-ARPA SFRF Federal Grants (federal funds)

\$3.0 million

The Budget includes a net \$3.0 million increase in non-ARPA SFRF federal grant programs in FY2025.

Non-ARPA SFRF Federal Grants	FY2024 Enacted	FY2024 Governor	Change	FY2025 Governor	Change
CDBG Program	\$11.4	\$11.3	(\$0.1)	\$14.5	\$3.1
Shelter Funding	3.2	2.9	(0.3)	3.0	(0.3)
Housing Opportunities for Persons with AIDS	0.4	0.4	(0.0)	0.4	0.0
Recovery Housing Program	0.5	0.5	(0.0)	0.5	(0.0)
Neighborhood Stabilization Program	-	0.2	0.2	0.2	0.2
Total	\$15.5	\$15.3	(\$0.2)	\$18.5	\$3.0

\$ in millions

- **CDBG Program:** The Budget includes a net \$3.1 million increase in Community Development Block Grant (CDBG) Funds for FY2025. Grant fund expenditures for CDBG projects are calculated at different times and it can take several years to complete the drawdown of funds. This increase is the result of a net add of \$2.0 million in Project Year 2021 and \$1.0 million in Project Year 2019 grants to reflect updated project funding needs and balance estimates.
- **Shelter Funding:** The Budget includes \$3.0 million in standard federal shelter and homelessness funding in FY2025, a \$268,779 decrease as compared to the FY2024 Budget. The FY2024 Revised recommendation of \$2.9 million represents a decrease of \$287,175. In FY2024 and FY2025, this funding is received entirely from the U.S. Housing and Urban Development (HUD) Emergency Shelter Grant (ESG) program. Additional funds from CDBG and SFRF are also used for shelter funding.
- **Housing Opportunities for Persons with AIDS:** The Budget includes \$373,034 in federal Housing Opportunities for Persons with AIDS (HOPWA) funding in FY2025, \$4,418 more than the FY2024 Budget. The program funds supportive services and housing for low-income people living with HIV/AIDS.
- **Recovery Housing Program:** The Budget includes \$500,000 in FY2025 for the Recovery Housing Program (RHP). This HUD initiative supports stable, transitional housing for individuals in recovery from a substance use disorder. RHP eligible activities include public facilities' improvements; site acquisition; lease, rent, and utilities payments; rehabilitation and construction of housing; clearance and demolition, and relocation.
- **Neighborhood Stabilization Program:** The Budget includes \$184,657 in FY2025. In the FY2024 Budget no funding was included in this category to reflect federal formula appropriation levels for Rhode Island; the proposed revised FY2024 Budget adds in \$159,366. NSP funding provides assistance to state and local governments to mitigate abandonment and blight by purchasing foreclosed or abandoned homes to rehabilitate, resell, or redevelop in order to stabilize neighborhoods and prevent the values of neighboring homes from declining.

Housing Resources Commission (restricted receipts)

Informational

The Housing Resources Commission (HRC) was established under Rhode Island General Law 42-128, the RI Housing Resources Act of 1998. The HRC is comprised of 28 members who meet monthly, representing a variety of stakeholders and intended to serve as the State's planning, policy, standards, and program agency for housing issues. The majority of the HRC funding is allocated through the Consolidated Homeless Fund (CHF), which supports homeless shelter operations, outreach, rapid re-housing rental

assistance, and other system supports. Additional resources are directed towards the centralized wait list for subsidized properties, lead hazard mitigation, and predevelopment and capacity building.

Housing Production Fund (restricted receipts) Informational

The FY2022 Budget as Enacted established a new fund to finance housing programs in the State. The Housing Production Fund (HPF) is a restricted receipt fund that provides “financial assistance by loan, grant, or otherwise for the planning, production, or preservation of affordable housing in Rhode Island for households earning not more than 80.0 percent of area median income”. The fund may also be used to support technical and financial assistance for municipalities to support increased local housing production. It is administered by RIHousing. The authorizing legislation also directs RIHousing to prioritize households either exiting homelessness or earning not more than 30.0 percent of area median income.

The FY2022 Budget also provided a dedicated revenue stream for the fund. Article 14 increased the State’s real estate conveyance tax on the portion of real estate value over \$800,000, with the marginal new revenue to be deposited into the HPF and used to support increased affordable housing opportunities in the State. The 2021 General Assembly Budget also provided \$25.0 million in one-time general revenue to capitalize the HPF.

The following table shows expenditures and revenues for the Housing Production Fund.

	FY2022	FY2023	FY2024	FY2025
Beginning Balance	\$25.0	\$26.4	\$16.0	\$15.5
RECT Receipts*	1.4	3.6	2.5	
Obligations/Expenditures	-	(14.0)	(3.0)	(3.0)
Ending Balance	\$26.4	\$16.0	\$15.5	\$12.6

\$ in millions

**FY2024 values represents HPF transfers through February 2024. Although the RECT receipts value will increase over the remainder of the fiscal year, additional obligations are expected to offset this increase keeping the estimated ending balance around \$15.5 million.*

According to RIHousing, \$16.0 million of the original \$25.0 million capitalization in HPF funds has been obligated and \$2.8 million has been spent. The status of these funds is summarized below.

Category	Allocation	Status
Housing Production	\$10.0	\$7.2 million committed/\$2.8 expended. Financing six developments; 353 affordable units, 38 market rate units.
Extremely Low Income	\$10.0	\$5.6 million committed, supports 77 units for extremely low-income households for 10 to 15 years. \$3.8 million available for award in the current Consolidated Funding Round.
Technical Assistance	\$4.0	\$3.2 million committed, 31 municipalities assisted. Project creates template documents to help municipalities implement land use law changes.

\$ in millions

Analyst Note: The current table reflects a total of \$24.0 million funding rather than the \$25.0 million original capitalization. The Department has held back \$1.0 million which has not yet been allocated to a specific use.

Affordable Housing Bonds (other funds)

Informational

The Budget includes \$41.4 million in general obligation bond proceeds for affordable housing projects in FY2024, \$12.0 million in FY2025, and \$4.0 million in FY2026. In addition, it proposes \$100.0 million in general obligation bond proceeds be placed on the November 2024 ballot for projects to support community revitalization, increase production and infrastructure for affordable and middle-income housing, and promote home ownership.

While the bond language for the proposed \$100.0 million initiative does not specify how the funds would be distributed, the Department has proposed an allocation that would provide \$90.0 million for the development of affordable and middle-income housing, and \$10.0 million for an enhanced housing development pipeline through site acquisition, site work, and infrastructure improvements. The \$90.0 million would be focused on production of new inventory and preservation of units up to 120.0 percent average median income (AMI) with additional flexibility for homeownership and at least a third of projects to be prioritized for homeownership. The funds would be administered through multiple programs through the Department, the Housing Resources Commission (HRC) and RIHousing. Funding is recommended to include a minimum of \$7.5 million for priority projects for vulnerable Rhode Islanders, \$5.0 million for Accessory Dwelling Unit investments, and \$5.0 million for community revitalization efforts. The \$10.0 million for enhanced housing development would be administered partially (40.0 percent) by the Rhode Island Infrastructure Bank (RIIB) and partially (60.0 percent) by the new RIHousing proactive development entity established through the Proactive Housing Development SFRF project.

The total Department recommendation, including the proposed bonds, totals \$157.4 million for FY2024 through FY2029.

Bond Authorization	Pre-FY2024	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	Total
G.O. New Referenda (proposed)	-	-	-	\$34.6	\$43.7	\$21.7	-	\$100.0
P.L. 2016, Ch. 142 - Issued	39.1	0.9	-	-	-	-	-	40.0
P.L. 2020, CH. 80 - Issued	8.5	40.5	-	-	-	-	-	49.0
P.L. 2020, Ch. 80 - Unissued	-	-	12.0	4.0	-	-	-	16.00
Total	\$47.6	\$41.4	\$12.0	\$38.6	\$43.7	\$21.7	-	\$205.0

\$ in millions

Executive Office of Health and Human Services

Expenditures by Program	FY2022	FY2023	FY2023	FY2024	FY2024	Change from		FY2025	Change from	
	Actual	Enacted	Final	Enacted	Governor	Enacted		Governor	Enacted	
Central Management	\$186.1	\$324.4	\$288.2	\$253.5	\$287.7	\$34.1	13.5%	\$305.3	\$51.8	20.4%
Medical Assistance	3,182.7	3,290.1	3,174.9	3,561.5	3,420.6	(140.9)	-4.0%	3,663.5	102.0	2.9%
Total	\$3,368.8	\$3,614.4	\$3,463.1	\$3,815.0	\$3,708.3	(\$106.7)	-2.8%	\$3,968.8	\$153.8	4.0%

Expenditures by Source										
	FY2022	FY2023	FY2023	FY2024	FY2024	Change from		FY2025	Change from	
	Actual	Enacted	Final	Enacted	Governor	Enacted		Governor	Enacted	
General Revenue	\$992.6	\$1,196.9	\$1,080.9	\$1,314.1	\$1,280.6	(\$33.5)	-2.6%	\$1,408.9	\$94.7	7.2%
Federal Funds	2,311.1	2,336.4	2,326.3	2,448.8	2,367.1	(81.7)	-3.3%	2,504.7	55.9	2.3%
Restricted Receipts	65.0	81.1	55.8	52.1	60.6	8.5	16.4%	55.2	3.2	6.1%
Total	\$3,368.8	\$3,614.4	\$3,463.1	\$3,815.0	\$3,708.3	(\$106.7)	-2.8%	\$3,968.8	\$153.8	4.0%

Authorized FTE Levels 190.0 204.0 204.0 218.0 218.0 - - 233.0 15.0 6.9%
\$ in millions. Totals may vary due to rounding.

The Executive Office of Health and Human Services (EOHHS) is the umbrella agency which oversees the Departments of Health (DOH); Human Services (DHS); Children, Youth, and Families (DCYF); and Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH). EOHHS coordinates the organization, finance, and delivery of publicly-funded health and human services programs and serves as the single State agency for Medicaid. Its mission is to ensure access to high quality and cost-effective services which foster the health, safety, and independence of all Rhode Islanders.

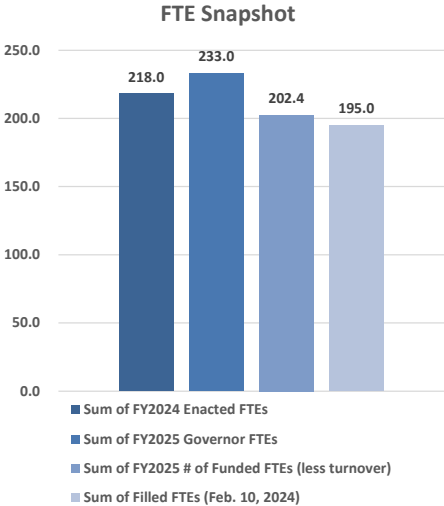
MAJOR ISSUES AND TRENDS

The FY2025 Budget contains an increase in general revenues due primarily enrollment trends and inflation-based price adjustments in Medicaid and the recommended rate increases, related to the Office of the Health Insurance Commissioner (OHIC) [final report](#) on the Social and Human Services Programs Review as required pursuant to RIGL 42-14.5-3(t)(2)(x). The November 2023 Caseload Estimating Conference estimate projected the need for an additional \$89.5 million from general revenues and \$37.9 million from federal funds to fund the Medicaid program in FY2025 compared to the FY2024 Enacted level. The recommended rate increases are implemented over three years, except for the Early Intervention services which would be fully implemented in FY2025, increasing general revenues by \$22.2 million and federal funds by \$33.8 million.

In addition, the Budget continues the implementation of the Medicaid Enterprise System (MES), a module data system; proposes the use of additional income verification software; and, transitions 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). The Budget also delays the implementation of the Certified Community Behavioral Health Clinics (CCBHCs) and eliminates the supplemental payments to hospitals for graduate medical education (GME).

In FY2024, the changes are primarily due to adjustments for the November Caseload Estimating Conference, a net general revenue decrease of \$29.4 million (\$137.5 million all funds), and the delay in the CCBHCs, a general revenue decrease of \$4.4 million (\$11.4 million all funds).

The Budget authorizes 233.0 FTE positions for EOHHS in FY2025, an increase of 15.0 FTEs relative to the FY2024 Enacted level. The increase includes 6.0 FTE positions transferred from other agencies to consolidate communications; 5.0 FTEs for the RItE Share investment; 2.0 FTE positions for



Long-Term Health System Planning; 1.0 FTE positions for Program Integrity; and, 1.0 FTE position for the Certified Community Behavioral Health Clinics (CCBHCs).

Health System Transformation Project

The Budget includes \$1.9 million from federal funds and \$1.8 million from restricted receipts (\$3.7 million all funds) for the Health System Transformation Project (HSTP) in FY2025, a decrease of \$24.4 million in all funds from the FY2024 Budget as Enacted. The decrease is due to the sunseting of the incentive program which is the largest program expense.

The Health System Transformation Project is an ongoing initiative that began in FY2017. It was a product of the Governor's Working Group to Reinvent Medicaid, which established a model to reform the State's Medicaid program to shift to value-based payments; coordinate physical, behavioral, and long-term healthcare; rebalance the care delivery system away from high-cost settings; and, promote efficiency, transparency, and flexibility in publicly-funded healthcare.

The primary focus of HSTP has been to partner with the State's institutions of higher education to bolster the healthcare workforce and with the State's managed care organizations (MCOs) to establish Accountable Entities (AEs). Accountable Entities are integrated provider organizations responsible for improving the quality of care and outcomes for patients while also managing costs. This delivery system provides coordinated care and reduces unnecessary and ineffective utilization of services. Currently, the State has approved the operation of seven certified Accountable Entities: Blackstone Valley Community Health Care, Coastal Medical, Integrated Healthcare Partners, Integra Community Care Network, Providence Community Health Centers, Prospect Health Services, and Thundermist Health Center.

On October 20, 2016, the federal government approved an amendment to the State's Section 1115 Waiver to provide funding for the HSTP. This amendment brought in \$115.0 million in federal funding, by expanding matching authority for health professional education. The claimed funds were deposited into a restricted receipt account to be invested in the development of Accountable Entities, allowing approximately \$230 million in total new, one-time funding after matched per Medicaid rules,

CENTRAL MANAGEMENT

EOHHS' Central Management division is responsible for consolidating and coordinating major programmatic and administrative functions of the four health and human services agencies, including budget, finance, and legal services.

Central Management	General Revenue
FY2024 Enacted	\$47,288,469
<i>Target and Other Adjustments</i>	<i>(1,183,792)</i>
MES Module System	4,609,539
Income Verification Software	1,397,156
Medicaid Management Information Services (MMIS)	1,374,400
RUG to PDPM Transition for Nursing Facility Payments	1,071,815
Health System Planning and Oversight (2.0 FTE Positions)	782,969
Communications Consolidation (6.0 FTE positions)	296,991
Rlte Share (5.0 FTE positions)	149,189
OHIC Rate Review Recommendations	125,000
Certified Community Behavioral Health Clinics (CCBHCs) (1.0 FTE position)	56,166
Program Integrity (1.0 FTE position)	42,554
FY2025 Governor	\$56,010,456

Central Management	Other Fund Changes
RI Quality Reporting System (federal funds)	2,783,142
Opioid Accounts (restricted receipts)	4,053,699

MES Module System **\$4.6 million**

The Budget provides \$4.6 million in general revenue (\$46.1 million all funds) as the state match for the design, development, and implementation of the Medicaid Enterprise System (MES), a module structure for managing data, as directed by the Center for Medicare and Medicaid Services (CMS). The State's existing Medicaid Management Information System (MMIS) was originally implemented in 1993. This MMIS is a rules-based, table-driven, client server system that supports integrated MMIS functionalities and data management capabilities. The MMIS is currently contracted through a single vendor. Over the years, the State's MMIS has been adapted to meet the needs of the State, but in order to come into CMS compliance, the State must adopt a modular system. CMS projects that the modular system will improve functionality and cost-effectiveness by allowing the State to procure technology that fits the States' business and operational needs from multiple vendors. The MES Transformation program includes the procurement, modernization, and modularization of the Medicaid systems and provides 90.0 percent federal funding for design, development, and implementation costs, and 75.0 percent federal funding for maintenance and operation costs.

The cost for the shift to the MES is expected to increase through FY2029 as modules and vendors are procured. Planning for the MES began in FY2023; however, the first module, Third-Party Liability (TPL), is projected to be implemented in late FY2025 and early FY2026. Additional modules, including a System Integrator (SI) and an Operational Data Store (ODS), are scheduled for implementation in late FY2026 and early FY2027. The existing MMIS system will run in tandem with the new MES modules until the transition is completed.

Income Verification Software **\$1.4 million**

The Department projects net savings of \$5.0 million in general revenue (\$19.9 million all funds) through the integration of The Work Number (TWN) payroll data into the income verification process for Medicaid benefits. Of this total net impact, \$1.4 million of increased general revenue (\$4.3 million in federal fund) expenditures are in Central Management and \$6.4 million in general revenue savings (\$19.1 million in federal fund savings) is in Medical Assistance. The projected net savings within EOHHS includes a \$1.4 million in increased vendor costs from general revenues (\$5.6 million all funds). An additional \$1.6 million in increased general revenue (\$2.8 million all funds) supported vendor costs are within the RI Bridges portion of Department of Human Services budget, resulting in total net savings of \$3.5 million in general revenue (\$17.1 million all funds) across both agencies. The vendor costs are an annual subscription cost that will depend on the annual transaction volume. EOHHS will tracking usage monthly through year one

to get a better understanding of how to manage these costs moving forward. The projected savings is due to reduced enrollment resulting in lower benefit costs.

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.

The Department estimates total Medicaid general revenue savings of \$6.5 million (\$25.4 million all funds) based on projected termination of an additional 5,900 members, or approximately 41,000-member months of eligibility. The estimate is based on implementing the automated TWN process in RI Bridges beginning March 2024 with terminations potentially beginning in July 2024. EOHHS confirms that there is enough funding in the RI Bridges to support the vendor costs in FY2024.

Medicaid Management Information Services (MMIS) \$1.4 million

The Department requests a \$1.4 million increase in general revenue (\$3.9 million federal funds) to support the 4.65 percent economic adjustment for the MMIS contract in FY2025. The State's existing MMIS was originally implemented in 1993. This MMIS is a rules-based, table-driven, client server system that supports integrated MMIS functionalities and data management capabilities. Over the years, the State's MMIS has continued to be adapted to meet the needs of the State, but in order to come into compliance Centers for Medicare and Medicaid Services (CMS), the State must adopt a modular system; however, the existing MMIS system will run in tandem with the new MES modules until the transition is completed.

RUG to PDPM Transition for Nursing Facility Payments \$1.1 million

The Budget provides \$1.1 million in general revenue (\$2.8 million all funds) to shift nursing facility payments from the Resource Utilization Group (RUG) system to a Patient-Driven Payment Model (PDPM) as required by the Centers for Medicare & Medicaid Services (CMS). This funding includes \$321,815 in general revenue (\$1.3 million in all funds) for necessary MMIS system changes and \$750,000 in general revenue (\$1.5 million all funds) in contract costs for subject matter experts. Rhode Island currently uses the RUG model, which is based on resident acuity, to determine per-diem payments to nursing facilities; however, CMS, the Office of the Inspector General (OIG), and the Medicaid Payment Advisory Commission noted that the RUG model is based on the amount of therapy provided regardless of a resident's individual needs or goals. CMS asserts that the PDPM will improve payment accuracy and appropriateness by focusing on the patient instead of the amount of services provided. In addition, the PDPM is expected to reduce the administrative burden on providers and improve payments for underserved beneficiaries. Since CMS is discontinuing support for the technical infrastructure Rhode Island needs for the RUG-based payment on October 1, 2025, the State will have to transition to the PDPM. The system redesign costs associated with the transition are eligible for 75.0 percent federal funding. The subject matter expert costs are eligible for 50.0 percent federal funding.

Article 9 includes the changes to the State Medicaid Resolution and RIGL 40-8-19 (Rates of payments to nursing facilities), necessary for this transition.

Health System Planning and Oversight (2.0 FTE positions) \$782,969

The Budget includes \$782,969 in general revenue (\$936,719 all funds), including \$287,585 in salaries and benefits for 2.0 new FTE positions, to implement healthcare system planning and alignment of existing initiatives. To guide in the planning, the Department will revive the Healthcare Planning and Accountability Advisory Council (HPAAC) required pursuant to the Rhode Island Coordinated Health Planning Act of 2006 (RIGL 23-81). The Department asserts that Rhode Island needs a carefully planned response, designed through this initiative, to address healthcare challenges such as misaligned rates, provider needs, workforce shortages, and disparities in access, quality, and outcomes for vulnerable communities. In addition to salaries and benefits, the request includes \$644,000 in contract professional services, contractor, and case

management tools, as well as \$5,134 for laptops and other supplies. The Budget assumes a 50.0 percent Medicaid administration match on one-third of the total costs based on one-third of Rhode Island residents being enrolled in Medicaid.

The new FTE positions include 1.0 Chief of Strategic Planning, Monitoring, and Evaluation (\$192,141 in annual salary and benefits) to carry out interagency alignment, health system research, and project management. An additional 1.0 FTE Interdepartmental Project Manager (\$163,625 in annual salary and benefits) will focus on workforce transformation. The Budget includes \$68,181 in turnover savings for these positions based on an early September 2024 hiring date. A third contract position would focus on health system sustainability, the integration of physical and behavioral health, as well as focusing specifically on the Olmstead planning component to provide a roadmap to support the service needs of persons with disabilities.

Communications Consolidation (6.0 FTE positions) \$296,991

The Budget provides \$296,991 general revenue (\$459,355 all funds) and the transfer of 6.0 FTE positions from other human services agencies to consolidate communications operations under EOHHS. The following positions are transferred with the associated funding:

- 1.0 FTE Administrator II position from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH) with \$100,617 in general revenue and \$78,541 in federal funds;
- 1.0 FTE Community Liaison/Relations Coordinator from the Department of Children, Youth, and Families (DCYF) with \$33,450 in general revenue and \$33,450 in federal funds; and,
- 1.0 FTE Chief Public Affairs position from the Department of Human Services (DHS) with \$102,747 in general revenue and \$44,709 in federal funds.

In addition, the Budget transfers the authorization for 3.0 FTE positions, including a Chief Office of Health Promotion, an Interdepartmental Project Manager, and a Chief of Program Development, from the Department of Health (DOH) to EOHHS; however, the funding for the positions remains in DOH.

RItE Share (5.0 FTE positions) \$149,189

The Budget adds 5.0 new FTE positions to convert 3.0 current contract employees within the RItE Share program to state positions and add 2.0 new Health Program Administrator positions. In addition, the Budget upgrades the current 1.0 FTE state Chief of Family Health position to an Interdepartmental Program Manager position. These changes are estimated to result in a net, department-wide savings of \$994,855, including \$419,962 in general revenue. Within Central Management, salary and benefit costs, net the savings in contract services, are expected to increase by \$298,466, including \$149,189 in general revenue. This includes \$139,790 in turnover savings, of which \$69,895 is general revenue, and an early September hiring date and contractor FTE transition.

RItE Share is a Medicaid Premium Assistance program that requires Medicaid eligible families and individuals who work and have access to employer-sponsored insurance (ESI) to enroll in the ESI. Through a public/private partnership with employers, the State pays the Medicaid member the amount that is deducted from their paycheck, and provides Medicaid fee-for service (FFS) wrap around coverage for coinsurance, deductibles, and other costs. According to the Department, increasing the staffing from 1.0 state FTE and 3.0 contract positions to 5.0 state FTE positions will enable RItE Share to be more proactive in enrolling eligible clients, and result in greater consistency and longevity in program staff, resulting in savings as the State would cover the premiums for ESI rather than the costlier managed care rates. For FY2025, the savings is projected at \$1.3 million, including \$569,151 in general revenue. The Department projects that greater savings will be realized in the out years.

Currently, RItE Share enrolls approximately 1,600 individuals. With the increased level and increased longevity of staffing, EOHHS proposes to enroll approximately 1,500 additional individuals within one year of implementation, with greater enrollment in subsequent years.

OHIC Rate Review Recommendations**\$125,000**

The Budget includes \$22.2 million in additional general revenue (\$56.0 million all funds) for the Department's recommendation related to the Office of the Health Insurance Commissioner (OHIC) submitted [final report](#) on the Social and Human Services Programs Review as required pursuant to RIGL 42-14.5-3(t)(2)(x). The total recommendation includes \$125,000 in general revenue (\$500,000 all funds) to support additional contract professional services in Central Management. The balance of the funding is to support the rate increases in the Medical Assistance program.

Certified Community Behavioral Health Clinics (CCBHCs) (1.0 FTE position)**\$56,166**

The Budget provides \$56,166 in general revenue (\$112,332 all funds) in salary and benefits for 1.0 new Investigative Auditor FTE position focused on third-party liability recovery for CCBHC services. Article 9 moves the statutory deadline for establishing a Certified Community Behavioral Health Clinic (CCBHC) model from February 1, 2024, to July 1, 2024, to reflect the updated project timeline. This position in addition to 1.0 FTE Senior Economic and Policy Analyst position (\$138,294), with half from federal funds, and contracted technical assistance to support cost reporting and rate setting (\$511,090 in federal funds) provided in the FY2024 Budget as Enacted.

The FY2023 Budget as Enacted provided federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) to provide assistance and grants for providers and organizations to develop the capacity to operate as a CCBHC and/or participate in service delivery, to support the necessary state infrastructure investments to establish the program, and for contracted services to assist in the transition. These funds are being used to establish a Medicaid reimbursement rate to provide ongoing funding to sustain and expand the CCBHC delivery model.

The CCBHC model is designed to ensure access to coordinated comprehensive behavioral health care through specially-designated clinics that provide a comprehensive range of mental health and substance-use-disorder services. In 2017, the Substance Abuse and Mental Health Services Agency (SAMHSA) selected eight states to participate in the demonstration program including New York and Minnesota. Case studies in both of these states found cost savings and a reduction in utilization of emergency department and inpatient hospitalization of more than 50.0 percent, as a result of the program. Currently, 10 states are participating in the CCBHC federal demonstration program. EOHHS projects that full implementation of the program will result in improved access to behavioral health services and a reduction in emergency department and inpatient utilization.

Program Integrity (1.0 FTE position)**\$42,554**

The Budget includes \$42,554 in general revenue (\$85,108 all funds) to support the salary and benefits for 1.0 new Quality Control Review FTE position, including \$20,526 in turnover savings based on a September 2024 hiring date. This position will monitor eligibility determinations and claims processing. The Department had requested 5.0 new FTE positions for a new Medicaid Program Integrity and Compliance unit, to reduce fraudulent or erroneous expenditures. In addition to the position provided, the Department requested included the following positions that were not recommended by the Governor include:

- Chief Health Program Evaluator (1.0 FTE position) to support Medicaid oversight and compliance, project and program integrity, and oversight of interdepartmental service agreements (ISAs) and institutions of mental disease (IMD).
- Investigative Auditors (2.0 FTE positions) for Medicaid clinical and financial auditing and records review. According to the department, EOHHS does not currently have the capacity to perform this function.
- Program Services Officer (1.0 FTE position) to ensure compliance with all federal and state requirements and ensure alignment across state agencies for incident reporting.

RI Quality Reporting System (federal funds)

\$2.8 million

The Budget provides \$2.8 million in federal funds and \$309,238 in restricted receipts from the Health System Transformation Project to complete the development of a quality reporting system (QRS). Through this system, clinical data is collected from all the accountable entities (AEs), cleaned, formatted, and matched against Managed Care Organization (MCO) member lists to meet requirements for electronic, clinical quality measurement (ECQM) used to track outcomes. Shared-risk contracts with quality and outcome performance measures are the foundation of the Medicaid AE program, and the QRS provides a centralized electronic clinical data exchange (ECDE) system for the Medicaid providers. Implementation of the system is expected to continue through FY2025 with a partial shift into maintenance and operations occurring in FY2026 as the dollars from the Health System Transformation Project sunset. While development and implementation activities qualify for a 90.0 percent federal match, the maintenance and operations activities qualify for a 75.0 percent federal match. EOHHS projects an annual cost of \$2.0 million, including \$455,975 in general revenue, beginning in FY2026.

Opioid Accounts (restricted receipts)

\$21.1 million

The Budget includes a net increase in restricted receipt opioid funding of \$21.1 million, including the following:

Project	FY2023 Final	FY2024 Enacted	FY2024 Revised	Change from Enacted	FY2025 Governor	Change from Enacted
Statewide Opioid Abatement Account						
Investment in Community -Based Mental Health - RI Foundation	\$1,375,000	\$575,000	\$1,700,000	\$1,125,000	\$1,200,000	\$625,000
Overdose Prevention Center	400,000	-	2,850,000	2,850,000	1,000,000	1,000,000
Harm Reduction Technologies	7,500	1,250,000	336,108	(913,892)	300,000	(950,000)
First Responder/Peer Recovery Specialist Trauma Supports	-	-	1,000,000	1,000,000	-	-
Housing Capital, Operating, and Services for High-Risk Communitiites	-	-	4,120,000	4,120,000	1,200,000	1,200,000
Non-Profit Capacity Building and Technical Assistance - RI Foundation	750,000	-	250,000	250,000	250,000	250,000
BIPOC Industry Workers and Chronic Pain Treatment and Prevention	1,133	-	498,867	498,867	300,000	300,000
Recovery Infrastructure	-	-	-	-	1,300,000	1,300,000
Family Recovery Supports	-	-	450,000	450,000	450,000	450,000
Project Evaluation (contractor)	-	500,000	1,000,000	500,000	500,000	-
Communications - multilingual media	3,194	-	376,806	376,806	300,000	300,000
Emergency Response Set-Aside - Department of Housing	149,702	500,000	756,690	256,690	1,000,000	500,000
Racial Equity Across All Agencies	-	-	300,000	300,000	500,000	500,000
Youth Treatment Infrastructure	-	-	-	-	800,000	800,000
Post Overdose	-	-	-	-	250,000	250,000
Treatment - Stimulant	-	-	-	-	500,000	500,000
Program Administration	179,895	600,000	670,340	70,340	753,187	153,187
Additional Pharmacy Settlement - GBA expected	-	-	-	-	14,111,972	14,111,972
Total	\$2,866,423	\$3,425,000	\$14,308,811	\$10,883,811	\$24,715,159	\$21,290,159
McKinsey Opioid Settlement Fund						
Harm Reduction - West Communications Campaign	\$192,179	\$100,000	\$352,821	\$252,821	\$100,000	\$0
Harm Reduction - West Elmwood Health Equity Zone (HEZ)	60,000	-	-	-	-	-
Total	\$252,179	\$100,000	\$352,821	\$252,821	\$100,000	\$0
Opioid Stewardship Fund						
Administration: Director and Accountant	\$178,001	\$302,739	\$348,778	\$46,039	\$358,508	\$55,769
Prescription Drug Monitoring Program (PDMP) Integration	-	-	-	-	-	-
Support for the Task Force Work Group Community Co-Chairs	1,620	360,000	65,000	(295,000)	65,000	(295,000)
Total	\$179,621	\$662,739	\$413,778	(\$248,961)	\$423,508	(\$239,231)
Total		\$4,187,739	\$15,075,410	\$10,887,671	\$25,238,667	\$21,050,928

Source: EOHHS

- **Statewide Opioid Abatement Account (\$21.3 million):** The Budget provides \$14.3 million in Statewide Opioid Abatement, a.k.a. Distributors Settlement, funds in FY2024 and \$24.7 million in FY2025, an increase of \$10.9 million and \$21.3 million respectively from the FY2024 Budget as Enacted. In FY2024 the increase is due to the carry forward of unutilized funds form FY2023. The FY2025 Budget includes \$14.1 million in additional pharmacy settlement funds that are not currently programmed. The programming of the Opioid Abatement Account is determined through formal recommendations from the Advisory Committee to the Secretary of EOHHS. The Distributors Settlement requires the establishment of an Advisory Committee to ensure that the State and participating municipalities have equal input into the distribution of the funds for

approved purposes across the State. Distributions from the McKinsey Settlement Agreement will continue to be deposited into a separate account.

- **McKinsey Opioid Settlement (\$100,000):** The Budget provides \$352,821 in McKinsey Opioid Settlement restricted receipts in FY2024 and \$100,000 in FY2025, an increase of \$252,821 in FY2024, due to the carry forward of unutilized funds from FY2023. In FY2025, the funding is consistent with the FY2024 Budget as Enacted. In FY2023, the funding for the communications campaign was used for an interagency evidence-based communications campaign on polysubstance use, fentanyl risk, and harm reduction, and \$60,000 was used for the West Elmwood Health Equity Zone. In FY2024 and FY2025, the communications funds will be used to continue the evidence-based, Harm Reduction Campaign.

A Health Equity Zone (HEZ) is designed to organize people in specific neighborhoods to build healthy resilient communities. The West Elmwood (02907) HEZ encompasses the West End, Elmwood, South Elmwood, and Reservoir neighborhoods in Providence, as well as the western portion of the Upper South Providence neighborhood.

In February 2021, the Attorney General's office reached a settlement with McKinsey and Company, consultant to several opioid manufacturers including Purdue Pharma. Rhode Island has received \$2.6 million as part of the settlement for McKinsey's role in the opioid epidemic. The funds must be used to address the impact of the opioid epidemic in the State through treatment, rescue, recovery, and prevention programs.

- **Opioid Stewardship Fund (\$423,508):** The Budget provides \$413,778 in restricted receipts from the Opioid Stewardship Fund within EOHHS in FY2024 and \$423,508 in FY2024, a decrease of \$248,961 and \$239,231 respectively relative to the enacted level. In FY2024 Budget as Enacted, the Budget provided \$360,000 in assistance and grants and \$302,739 in salaries and benefits to support 2.0 FTE positions, the Director of Overdose, Prevention, and Response and a Supervising Accountant. The decreases in FY2024 and FY2025 are due to reductions in assistance and grants; however, other grant programs are funded through the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals, the Department of Corrections, and the Department of Health.

The FY2020 Budget as Enacted established an annual restricted, \$5.0 million Opioid Stewardship Fund requiring all licensed manufacturers, distributors, and wholesalers to contribute towards the fund through a registration fee. The registration fee is intended to encourage the monitoring of prescription opioids produced and distributed in Rhode Island and to provide accountability for the role that pharmaceuticals have had in the opioid crisis. Licensed manufacturers, distributors, and wholesalers are required to report the details of all opioids sold or distributed in the State to calculate their liability. Registration payments are due annually on December 31. The first payment was due by December 31, 2019, based on 2018 data.

The Opioid Stewardship Fund is only to be used for opioid addiction treatment, recovery, prevention, education services, and other related programs. The FY2023 Budget as Enacted transferred the management of the Opioid Stewardship Fund and the assessment of the registration fee to the Executive Office of Health and Human Services (EOHHS) from the Department of Health. According to the Office of Management and Budget, as the health and human services umbrella agency, EOHHS can better lead and coordinate the Opioid Stewardship Fund efforts.

MEDICAL ASSISTANCE

The Medical Assistance (Medicaid) program provides medical benefits to low-income, elderly, and disabled individuals. The State pays for a growing portion of Medicaid services through *managed care*, whereby the State contracts with managed care organizations (Neighborhood Health Plan of Rhode Island, Tufts Health Plan, and United Healthcare) and pays a fixed monthly fee, or capitation rate, for each enrolled

beneficiary. A smaller portion of Medicaid services continue to be financed through *fee-for-service* arrangements, whereby providers bill the Medicaid program directly based on the specific services utilized.

Medical Assistance	General Revenue
FY2024 Enacted	\$1,266,858,335
<i>Target and Other Adjustments</i>	-
November 2023 Caseload Estimating Conference	89,460,570
OHIC Rate Review Recommendations	22,040,298
Certified Community Behavioral Health Clinics (CCBHCs)	(16,025,891)
Income Verification Software	(6,378,125)
Eliminate Graduate Medical Education (GME) Payments	(2,500,000)
RtIte Share	(569,151)
FY2025 Governor	\$1,352,886,036

November 2023 Caseload Estimating Conference \$89.5 million

Each November and May, the Caseload Estimating Conference (CEC) estimates expenditures for human services and medical entitlement programs for the current and budget year. These adopted expenditure levels determine the appropriations for the Governor's and Enacted Budgets. Projections are based on enrollment trends as well as inflation-based price adjustments.

May 2023 CEC	FY2024 Enacted		FY2025 November CEC		Change to Enacted	
	GR	AF	GR	AF	GR	AF
Hospitals - Regular	\$114,702,828	\$346,927,024	\$115,720,634	\$345,500,000	\$1,017,806	(\$1,427,024)
Hospitals - DSH	6,631,019	14,738,872	6,439,413	14,738,872	(191,606)	-
Nursing and Hospice Care	152,569,575	344,790,000	174,411,630	396,300,000	21,842,055	51,510,000
Home and Community Care	59,029,500	133,400,000	76,357,350	173,500,000	17,327,850	40,100,000
Managed Care	452,752,540	1,069,954,164	459,104,577	1,072,800,000	6,352,037	2,845,836
Rhody Health Partners	145,833,523	326,797,579	153,858,710	347,100,000	8,025,187	20,302,421
Rhody Health Options	77,471,432	175,204,060	85,379,400	194,000,000	7,907,968	18,795,940
Medicaid Expansion	89,264,623	821,728,732	81,573,330	765,500,000	(7,691,293)	(56,228,732)
Pharmacy	825,250	1,300,000	(71,525)	(700,000)	(896,775)	(2,000,000)
Clawback	95,700,000	95,700,000	107,800,000	107,800,000	12,100,000	12,100,000
Other Medical Services	72,078,045	188,659,199	95,745,386	240,900,000	23,667,341	52,240,801
Total	\$1,266,858,335	\$3,519,199,630	\$1,356,318,906	\$3,657,438,872	\$89,460,570	\$138,239,242

The November 2023 CEC projected increased general revenue expenditures of \$89.5 million (\$138.2 million all funds) in the medical assistance program in FY2025, relative to the FY2024 Budget as Enacted. The increase in general revenue is primarily a result of price and utilization increases.

- **Enhanced Federal Match:** In March 2020, the federal government authorized a temporary 6.2 percentage point increase to the Federal Medical Assistance Percentage (FMAP) for the duration of the COVID-19 public health emergency. This reduced the State's share of Medicaid expenditures by shifting expenses to the federal government.

The Consolidated Appropriations Act (CAA), signed on December 29, 2022, provided for the gradual phase down of the enhanced FMAP and the end of the continuous enrollment condition in place during the PHE. Pursuant to the CAA, redetermination began in April 2023 with beneficiaries being disenrolled beginning in June 2023.

FMAP Enhanced Rates through Transition Period	
Through March 31, 2023	6.2 percentage points
April 1, 2023, thru June 30, 2023	5.0 percentage points
July 1, 2023, thru Sept 30, 2023	2.5 percentage points
Oct 1, 2023, thru Dec 31, 2023	1.5 percentage points
January 1, 2024	enhanced rate expires

Source: EOHHS testimony May 2023 CEC

- **Disproportionate Share Hospital (DSH) Payments:** Article 9 authorizes the disbursement of Medicaid Disproportionate Share Hospital (DSH) payments to qualifying community hospitals in federal fiscal years (FFY) 2024 and 2025. Federal law requires that state Medicaid programs make DSH payments to qualifying community hospitals that serve a large number of Medicaid and uninsured patients. The

DSH program subsidizes hospitals with high uncompensated care costs, which include certain expenses that are not covered by Medicaid or other sources. DSH payments are lump-sum disbursements issued each June and are subject to the applicable Federal Medical Assistance Percentage (FMAP) at the time of issuance. Funds are distributed in proportion to each hospital’s share of statewide uncompensated care

DSH Payment	FY2024 Enacted	FY2025 November CEC	FY2025 Governor	Change from Enacted	Change from from CEC
General Revenue	\$6,631,019	\$6,439,413	\$6,439,413	(\$191,606)	(\$0)
Federal Funds	8,107,853	8,299,459	8,299,459	191,606	-
Total	\$14,738,872	\$14,738,872	\$14,738,872	\$0	(\$0)

Article 9 identifies the DSH aggregate limit for FFY2024 and FFY2025 at \$14.7 million, consistent with the November 2023 Caseload Estimating Conference (CEC), and requires payment on or before June 30, 2024, instead of June 15, to allow for the passage of the budget. In FY2024 the Budget includes \$6.6 million in general revenue and \$8.1 million in federal funds. In FY2025, due to a more favorable FMAP, the Budget includes \$6.4 million in general revenue and \$8.3 million in federal funds.

In addition, the base year for calculating the DSH payment is advanced one fiscal year, to allow for the FY2025 payment, and the uncompensated care index is set at 5.30 percent for FFY2024 and FFY2025, which remains unchanged from the enacted level. 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.

Analyst Note: The Governor’s Budget Amendment, dated February 16, 2024, returned the maximum aggregate limit to the current law level of \$14.8 million.

The savings attributable to the Medicaid initiatives, described below, are calculated relative to the caseload estimate, rather than the Enacted Budget.

OHIC Rate Review Recommendations \$22.0 million

The Budget includes \$22.2 million in additional general revenue (\$56.0 million all funds) medical assistance for the Department’s recommendation related to the Office of the Health Insurance commissioner (OHIC) submitted the [final report](#) on the Social and Human Services Programs Review as required pursuant to RIGL 42-14.5-3(t)(2)(x). The total recommendation includes \$22.0 million in general revenue (\$55.5 million in all funds) to implement the recommended rate increases over three years, except for the increase for the Early Intervention services which will be fully implemented in FY2025.

Based on recommendation from EOHHS, the proposal in the Budget varies from the OHIC fiscal impact in the following ways:

- Assumes an October 1, 2024, start date to allow time to secure federal authorities and effectuate changes in the Medicaid Management Information System (MMIS).
- Phased-in the rate increase providing 33.3 percent of the increase across all services in the first year, except for Early Intervention services which will be fully implemented in FY2025.
- Includes the fiscal impact on managed care plans, since Medicaid services are primarily delivered through managed care; however, the estimate from OHIC only included fee-for-service activity.
- Uses the annualized highest quarter of expenditure data from FY2023.
- Assumes increase in utilization based on recent trends and due to increased rates.
- Includes managed care administrative, risk margin, and state premium costs.

- Includes additional codes not captured in the OHIC review, such as Substance Use Disorder (SUD) Residential.
- Excludes inflation-based recommendations if inflation was added to a procedure codes already subject to an annual inflation increase pursuant to state law.
- Excludes any rate reductions recommended by OHIC.
- Excludes services already provided in the FY2025 based budget for Certified Community Behavioral Health Clinics (CCBHCs); however, and Community Mental Health Center (CMHC) spending not include in the CCBHC remain.
- Excludes recommendation increasing rates for evaluation and management codes use by a limited number of behavioral health providers.
- Excluded the OHIC-recommended increases for case management codes as pursuant to the Conflict Free Case Management initiative the services will be delivered at a set monthly rate.

Certified Community Behavioral Health Clinics (CCBHC)

(\$16.0 million)

Article 9 moves the statutory deadline for establishing a Certified Community Behavioral Health Clinic (CCBHC) model from February 1, 2024, to July 1, 2024, to reflect the updated project timeline, and provides that changes in federal guidance or requirements may delay the implementation of certified clinics. The delay results in a general revenue decrease of \$4.4 million (\$11.4 million all funds) in FY2024, and \$16.0 million in general revenue (\$42.8 million all funds) in FY2025. The reduction is due to the following:

- **Delayed CCBHC site implementation:** The Budget includes funding to support 4 CCBHCs beginning operations on July 1, 2024, and another 4 CCBHCs coming on line on January 1, 2025; instead of, three sites billing on February 1, 2024, with the remaining 5 starting in FY2025.
- **Prospective Payment System (PPS) Rates:** The PPS rates reflect the per-member cost utilized for the cost estimate. The rate used for the FY2024 Budget as Enacted was derived from three cost reports applied to the February 1, 2024, timeline. The estimate used for the Governor’s recommendation applies the lowest of the three cost reports to the updated timeline. The Department is currently working with providers to clarify the costs, but recent data indicates a lower PPS rate.
- **Third Party Liability (TPL):** The estimate includes an assumption of cost avoidance for fee-for-service (FFS) and managed-care organization (MCO) spending due to TPL. The Budget includes 1.0 new FTE position to focused on TPL recovery for dual-eligible members. Medicaid is a payer of last resort, consequently, third party payers such as private insurance, Medicare, or employer-sponsored insurance should be exhausted before Medicaid is billed. Dual-eligible members are enrolled in both Medicaid and Medicare.
- **Inflation:** The current estimate does not include an inflation adjustment for the first year of implementation.

EOHHS is implementing a PPS-2 methodology which is a cost-based, per clinic monthly rate that applies uniformly to all CCBHC services rendered by a certified clinic. Each CCBHC will submit a cost report with all allowable costs by population. These reports will be used to establish a per-member-per-month (PMPM) rate for each population.

The initiative consists of three phases:

- Phase I consists of the CCBHC Infrastructure Grant program currently underway with SFRF funds that focuses on assessment and the development of organizational capacity for program implementation.
- Phase II will focus on the establishment of measures and the submission of baseline data using the 22 CMS CCBHC metrics through a pay-for-reporting model.

- Phase III will focus on performance relative to established measures and model sustainability.

EOHHS intends to leverage two sources of enhanced federal match to help support this program: the CCHBHC Demonstration Enhanced FMAP expected to be available from October 2024 through September 2028, and the Mobile Crisis Unit Enhanced FMAP. Under ARPA, the 85.0 percent FMAP is available for Medicaid Mobile crisis services for the first three years of state coverage. EOHHS estimates assume the mobile crisis costs are match at the enhanced level until the demonstration enhanced match takes its place. The CCBHC enhanced FMAP rate can be applied to services that the state is currently claiming at the standard match resulting in general revenue savings to partially offset the cost of the initiative.

Income Verification Software

(\$6.4 million)

The Budget includes net savings of \$5.0 million in general revenue (\$19.9 million all funds) through the integration of The Work Number (TWN) payroll data into the income verification process for Medicaid benefits. Of this total net impact, \$1.4 million of increased general revenue (\$4.3 million in federal fund) expenditures are in Central Management and \$6.4 million in general revenue savings (\$19.1 million in federal fund savings) is in Medical Assistance. The projected savings within EOHHS includes \$1.4 million in increased vendor costs from general revenues (\$5.6 million all funds). An additional \$1.6 million in increased general revenue (\$2.8 million all funds) supported vendor costs are within the RI Bridges portion of Department of Human Services budget, resulting in total net savings of \$3.5 million in general revenue (\$17.1 million all funds) across both agencies. The projected savings is due to reduced enrollment resulting in lower benefit costs. The estimated savings is based on the projected termination of an additional 5,900 members, or approximately 41,000-member months of eligibility, with the automated TWN process in RI Bridges beginning March 2024 resulting in terminations potentially beginning in July 2024. EOHHS confirms that there is enough funding in the RI Bridges to support the vendor costs in FY2024.

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.

Eliminate Graduate Medical Education (GME) Payments

(\$2.5 million)

The Budget eliminates \$2.5 million in supplemental payments for graduate medical education (GME) programs, including \$1.0 million to Lifespan for the Trauma I Center, \$1.0 million to Care New England for the Neonatal Intensive Care Unit, and \$500,000 for a resident training program at Landmark Hospital. The GMA payments are not matched by federal funds since Rhode Island is already at its Upper Payment Limit (UPL), which provides the difference between fee-for-service payments and the amount that would be paid through the federal Medicare program. Currently, Rhode Island is one of 36 states that provide GME payments; however, by eliminating the payment Rhode Island will join the ranks of Massachusetts and Vermont.

Rlte Share

(\$569,151)

The Budget provides 5.0 new FTE positions in Central Management is projected to save \$569,151 in general revenue (\$1.3 million all funds) Medical Assistance costs. Rlte Share is a Medicaid Premium Assistance program that requires Medicaid eligible families and individuals who work and have access to employer-sponsored insurance (ESI) to enroll in the ESI. Through a public/private partnership with employers, the State pays the Medicaid member the amount that is deducted from their paycheck, and provides Medicaid FFS wrap around coverage for coinsurance, deductibles, and other costs.

According to the Department, shifting contract staff to state positions and adding 2.0 additional FTEs will enable Rlte Share to be more proactive in enrolling eligible clients and develop greater consistency and longevity in program staff. This will result in savings as the State will cover the premiums for ESI rather than the costlier managed care rates. Currently, Rlte Share enrolls approximately 1,600 individuals. With a

bigger team and increased longevity of staffing, EOHS proposes to enroll approximately 1,500 additional individuals within one year of implementation, with greater enrollment providing greater savings in subsequent years.

Department of Children, Youth, and Families

Expenditures by Program	FY2023	FY2024	FY2024	Change from		FY2025	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Central Management	\$26.5	\$49.5	\$49.9	\$0.4	0.9%	\$22.5	(\$27.0)	-54.6%
Children's Behavioral Health Services	16.8	17.5	25.7	8.3	47.2%	17.4	(0.1)	-0.3%
Child Welfare	220.6	260.4	247.3	(13.2)	-5.1%	283.1	22.7	8.7%
Youth Development Services	22.5	38.8	37.9	(0.8)	-2.1%	38.5	(0.2)	-0.6%
Higher Education Incentive Grants	0.1	0.2	0.2	-	-	0.2	-	-
Total	\$286.4	\$366.4	\$361.1	(\$5.3)	-1.4%	\$361.7	(\$4.6)	-1.3%
Expenditures by Source								
General Revenue	\$192.6	\$217.3	\$209.1	(\$8.1)	-3.7%	\$235.9	\$18.6	8.6%
Federal Funds	92.6	132.4	136.0	3.7	2.8%	109.9	(22.5)	-17.0%
Restricted Receipts	1.0	1.5	0.7	(0.8)	-55.3%	0.7	(0.8)	-52.8%
Other Funds	0.2	15.3	15.3	-	-	15.3	-	-
Total	\$286.4	\$366.4	\$361.1	(\$5.3)	-1.4%	\$361.7	(\$4.6)	-1.3%
Authorized FTE Levels	702.5	705.5	705.5	-	-	714.5	9.0	1.3%

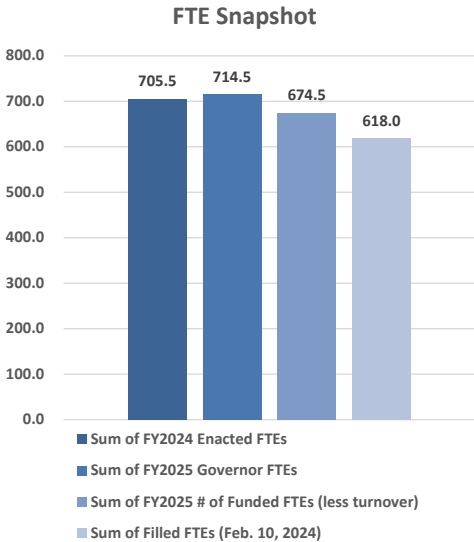
\$ in millions. Totals may vary due to rounding.

The Department of Children, Youth, and Families (DCYF) is charged with implementing a statewide network of supports to protect vulnerable children and families. The Department develops, oversees, and evaluates programs which provide opportunities for children to reach their full potential. DCYF has three major operational divisions: Children’s Behavioral Health Services; Child Welfare (including child protective services, family services, and permanency supports); and Youth Development Services (formerly Juvenile Correctional Services), which includes the Rhode Island Training School and juvenile probation. The Department supports an average of 3,400 children and their families and indirectly services thousands more through community-based programs.

MAJOR ISSUES AND TRENDS

The Budget includes \$361.7 million in all funds for the Department of Children, Youth, and Families (DCYF). This includes \$235.9 million in general revenue, \$109.9 million in federal funds, \$0.7 million in restricted receipts, and \$15.3 million in other funds. General revenue funding increases by \$18.6 million, or 8.6 percent relative to the FY2024 Budget as Enacted. Federal funding decreases by \$22.5 million, or 17.0 percent, due primarily to the end of ARPA SFRF appropriations.

The Budget also provides an additional 9.0 FTE positions, the net of 8.0 new FTEs at the Rhode Island Training School (RITS), 2.0 new FTEs related to children’s behavioral health services, and the shifting of 1.0 FTE position into the Executive Office of Health and Human Services. These changes increase the Department’s total authorization to 714.5 FTEs. The Budget includes funding for approximately 674.5 of the positions authorized for FY2025, or 94.4 percent. As of February 10, 2024, the Department had 618.0 FTE positions filled (86.5 percent).



Accreditation

In light of ongoing challenges at the Department, the 2019 General Assembly required that DCYF seek accreditation from the national Council on Accreditation (COA) in order to ascertain how its operations

compare to national standards and identify areas for improvement. Article 13 of the FY2020 Budget as Enacted amended RIGL 42-72-5.3 to require that the Department initiate the application process by September 1, 2019, with a final accreditation plan due by October 1, 2020, to inform the Governor and the General Assembly regarding necessary organizational changes to obtain and maintain accreditation along with the resources needed in order to do so.

The Department engaged with the COA in September 2019 and submitted its accreditation plan on October 1, 2020. The plan analyses the Department's alignment with 59 COA standards and establishes a timeline and process to implement policy, practice, programmatic, and operations changes needed to reach accreditation. The analysis is limited to the Department's child welfare and behavioral health standards and does not include benchmarks for the juvenile justice population, which is reviewed separately by the Annie E. Casey Foundation.

The analysis found that many of the Department's practice models, screening tools, risk assessments, and service planning already comport with many COA standards. The report recommended replacing the Department's case management information system, known as RICHIST.

The report also highlighted that staffing is the primary structural barrier to accreditation. Specifically, it identified the Department's need for an additional 34.0 Child Protective Investigators, 7.0 Child Protective Supervisors, 24.0 Social Case Workers, and 5.0 Casework Supervisors to satisfy COA per-worker caseload standards in the Child Protective Services and Family Services units. In addition, the report identified the need for 2.0 FTEs to notify kin of a DCYF placement, 1.0 FTE to monitor assessments of adolescent life skills development, 10.0 FTEs to enhance clinical capacity for behavioral health services, 5.0 FTEs for a permanent unit to manage accreditation and ongoing reform activities, and 3.0 additional staff to support continuous data monitoring and staff training and development functions at DCYF. The additional 91.0 FTE positions and pay incentives would require a sustained investment of approximately \$10.8 million from all funds per year. The report also recommends an additional \$300,000 to boost efforts to recruit resource families and \$291,851 for fixed expenditures to maintain support from the COA, including site visits and application fees.

The report recommends a "Prioritized Practice" approach for the Department, occurring over a four-year period, where the Department completes a self-study and gradually demonstrates alignment with COA standards. The timeline is "contingent upon the approval and appropriation by the Governor and the General Assembly of sufficient and sustained funding necessary for the Department to achieve COA accreditation". Accordingly, the FY2022 Budget as Enacted authorized and funded the 91.0 FTE positions and incidental operating costs identified in the COA report. The Budget also provides a financing mechanism to replace the RICHIST system. These investments provide the necessary support for the Department to continue its progress towards accreditation.

Accreditation Update: The Department completed its COA-related hiring plans and continues its focus on backfilling existing vacancies, with an emphasis on frontline positions, in order to reach COA standards for caseload. COA standards require a caseload of fewer than 12 families for Family Service Unit (FSU) caseworkers and no more than 8 new investigations per month for Child Protective Investigators (CPIs). As of November 1, 2023, the caseload for the average FSU caseworker was 12.5 families and the average CPI received a median of 10 new investigations per month. As of November 1, 2023, the Department has completed a majority of the self-study elements, representing the largest component of the COA process, as well as the stakeholder survey phase of accreditation. Stakeholder survey responses will be reviewed as anonymous feedback with the Department when the COA site visit occurs in 2024. The Department still expects to receive accreditation by summer of 2024, which would represent an on-time completion of the project.

RICHIST Replacements

The FY2021 Revised Budget transferred \$17.0 million to the Information Technology Investment Fund (ITIF) to provide upfront capital to fund the 60.0 percent State share of the costs to replace RICHIST, the

Department's case management information system, over a three-year period. RICHIST was developed in 1998 and serves as a registry for all confidential case, financial, provider, and staff management information. RICHIST also generates the caseload and financial data which the Department reports to the Governor, General Assembly, and federal government. While Rhode Island was a national leader when RICHIST was first developed, it now relies on antiquated technology that has not adapted well to changes over the last 23 years. The existing system will be maintained as portions of the new system are developed and phased in, with a full transition occurring when all components of the new system are sufficiently tested. The project was initially scheduled to take place from FY2022 to FY2024, but the FY2023 Budget as Enacted included an adjusted schedule stretching the project into FY2025 due to project delays. The RICHIST project technically appears under the Department of Administration budget.

RICHIST Replacement Update: The FY2025 Budget maintains the FY2024 revised schedule, which stretched the project into FY2026. As of March 18, 2024, the project has completed the technical and demonstration reviews and scoring. Following the cost evaluation process a vendor for the project will be selected and a contract will be awarded. The FY2025 funding schedule adds a general revenue line to account for IT personnel expenditures related to the project.

Children's Rights Settlement

In January 2018, the State and DCYF settled a long-standing class action lawsuit. The lawsuit, initially filed in 2007, demanded systemic reforms to the State's child welfare system and cited deficiencies throughout DCYF, including excessive caseworker assignments and an inappropriate residential service array. The settlement outlined a number of new screening and reporting requirements to be met by the Department and overseen by the Office of the Child Advocate. The Department continues to monitor these benchmarks and provides monthly reports pursuant to the settlement. The Budget contains \$138,000 in annual general revenue funding within the Child Welfare program for a data validator for this purpose.

Psychiatric and Intensive Residential Treatment Facilities

The FY2023 Budget included funding for the expansion of a current psychiatric residential treatment facility (PRTF) as well as the construction of a new step-down facility, both of which will help increase state capacity to house female youth with severe behavioral challenges. A current shortage of available, in-state, residential facilities for these youth results in, on average, approximately 25 to 30 female youth being placed out of state at any given time.

Psychiatric Residential Treatment Facility: The FY2023 Budget as Enacted included \$11.0 million in federal ARPA SFRF funds to expand existing in-state capacity at private facilities. The Department announced a signed agreement for the expansion of services with St. Mary's Home for Children, the only existing licensed PRTF in the State, on February 9, 2023. The expansion will consist of the construction and operation of an additional 12-bed facility on the St. Mary's Campus in North Providence, bringing their total capacity to 26. While the FY2023 Budget as Enacted anticipated a project completion date of June 2024, the most recent timeline anticipates a start to construction in March or April of 2024 and a facility completion date in March 2025, with the anticipated start of operations in April 2025.

PRTF Status Update: Funding for this project had initially been appropriated entirely within FY2023, but FY2023 Actuals indicate that the project spent only \$2.4 million. The FY2024 Revised Budget shifts the remaining funds to FY2024.

Intensive Residential Treatment Facility: The FY2023 Budget included \$15.0 million per year in RICAP funds from FY2024 through FY2026, for a total of \$45.0 million in RICAP funds for the construction of a new 16-bed intensive residential treatment facility. \$1.0 million in SFRF funding was also included for the initial design and construction stage of the project. The IRTF facility is projected to begin construction in FY2024, with an estimated start of operations in early 2026.

IRTF Status Update: The programming, schematic design, design development, and on-boarding of a construction manager have all been completed, with updated cost estimates and construction documents anticipated in the spring of 2024. The original timeline for start of operations remains on track.

CENTRAL MANAGEMENT

The Central Management program includes the Office of the Director and Support Services. Central Management functions are primarily administrative and strive to improve policies and maximize operational efficiency. These functions provide coordination and oversight, fiscal management, accountability supports, facility management, legal services, and youth development services.

Central Management	General Revenue
FY2024 Enacted	\$14,968,321
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<i>Target and Other Adjustments</i>	<i>(456,884)</i>
HHS Communications Consolidation	(99,293)
Exeter Capital Contracts Adjustment	(46,148)
FY2025 Governor	\$14,365,996

Central Management	Other Fund Changes
RICHIST Replacement (federal funds)	(18,150,427)
ARPA SFRF: DCYF Provider Workforce Stabilization (federal funds)	(7,920,766)
ARPA SFRF: Foster Home Lead Abatement and Fire Safety (federal funds)	(375,000)

HHS Communications Consolidation ***(\$99,293)***

The Budget includes a decrease of \$99,293 in general revenues (\$132,743 all funds) related to the shifting of 1.0 Community Liaison/Relations Coordinator FTE into the Executive Office of Health and Human Services. The position transfer is part of an effort to standardize communications across the health and human services agencies.

Exeter Capital Contracts Adjustment ***(\$46,148)***

The Budget reduces general revenues by \$46,148 related to management consultant costs for the ongoing Girls’ Residential Treatment Facility project in Exeter. These funds were inadvertently programmed as general revenue when the project is funded by Rhode Island Capital Plan (RICAP) funds. This adjustment corrects for that oversight.

RICHIST Replacement ***(\$18.2 million)***

The Budget includes \$3.2 million in federal funding, an \$18.2 million decrease over FY2024, to finance the costs to replace RICHIST, the Department’s case management system. The Budget also includes \$4.8 million in restricted receipt expenditures in FY2025 for this purpose within the Department of Administration (DOA) to draw funds from the Information Technology Investment Fund (ITIF), which is housed in DOA. The upgrade was initially planned to take approximately three years, from FY2022 to FY2024, and \$28.0 million from all funds, with the costs shared 60/40 between the State and federal government. The FY2024 Budget adjusted the funding schedule to stretch the project through FY2026 to reflect project delays as well as an increase in project costs. In FY2025, the project adds a general revenue line to capture IT personnel expenditures related to the project, increasing total project funding across all years and sources to \$56.5 million.

RICHIST Replacement - Revised Schedule	Pre-FY2024	FY2024	FY2025	FY2026	Total
State Funds - ITIF	\$750,000	\$14,850,000	\$4,800,000	\$3,600,000	\$24,000,000
Federal Funds	750,000	22,840,427	3,200,000	2,400,000	29,190,427
General Revenue	-	3,350,427	-	-	3,350,427
Total	\$1,500,000	\$41,040,854	\$8,000,000	\$6,000,000	\$56,540,854

The FY2021 Revised Budget transferred \$17.0 million to the ITIF to provide upfront capital to fund the 60.0 percent State share of the system replacement over the three-year period. The Governor proposed issuing debt, in the form of certificates of participation (COPs), which would have accrued \$2.7 million in interest over ten years; instead, the Budget used one-time general revenues to provide interest-free financing.

RICHIST was developed in 1998 and serves as a registry for all confidential case, financial, provider, and staff management information. RICHIST also generates the caseload and financial data which the Department reports to the Governor, General Assembly, and federal government. While Rhode Island was a national leader when RICHIST was first developed, it now relies on antiquated technology that has not adapted well to changes over the last 23 years. Most significantly, the existing RICHIST system does not enable easy mobility for staff in the field which inhibits the Department's ability to operate efficiently.

The new system would be a modular system that enables data analytics and reporting, allows easy access to real-time information when making important decisions for children and families, and simplifies the system's mobile interface. The federal government encourages use of modular systems because they are more comprehensive and flexible, and enhance the ability to navigate case information and incorporate data analytics into child welfare practice. Modern systems are also more dynamic, allowing child welfare agencies to respond more adeptly to frequent changes in standards and practices. The Budget assumes the use of Custom-Off-the-Shelf (COTS) software package which can be adapted from interfaces being used in other states, as opposed to custom-building a solution from scratch. The existing system will be maintained as portions of the new system are developed and phased in, with a full transition occurring when all components of the new system are sufficiently tested.

ARPA SFRF: DCYF Provider Workforce Stabilization (federal funds) (\$7.9 million)

The Budget includes a decrease in ARPA SFRF funds of \$7.9 million related to the end of the provider workforce stabilization program. From FY2022-FY2024, \$22.9 million in ARPA SFRF funding was provided to support wage stabilization payments to eligible direct care and supporting care staff of contracted providers. The initiative provided \$12.5 million in FY2022, \$2.5 million in FY2023, and \$7.9 million in FY2024. As of January 31, 2024, providers have reported a net gain of 176 staff. The project is set to close June 30, 2024, or as new contracts are signed via the procurement process.

ARPA SFRF: Foster Home Lead Abatement and Fire Safety (federal funds) (\$375,000)

The Budget includes a decrease in ARPA SFRF funds of \$375,000 related to the end of funding for the foster home lead abatement and fire safety initiative. This initiative was originally intended to provide financial assistance to foster families for costs related to lead remediation and fire safety, and included \$1.5 million in FY2023 and \$375,000 in FY2024. In December 2023, the Department notified the Pandemic Recovery Office (PRO) of the desire to terminate the project due to lack of feasibility following an RFP that returned no bids. The termination of the project will allow the funds originally intended for this purpose to be repurposed to other SFRF projects in order to meet the federal obligation and expenditure deadlines.

CHILDREN'S BEHAVIORAL HEALTH SERVICES

The Children's Behavioral Health Services program designs, implements, and monitors a statewide system of care for children and youth requiring mental health services, including those children who are involved with the Department due to abuse, neglect, or delinquency. The Department seeks to support all children and youth with developmental disabilities or emotional disturbances in the least restrictive settings possible.

Children's Behavioral Health Services	General Revenue
FY2024 Enacted	\$8,714,168
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<i>Target and Other Adjustments</i>	<i>(2,083)</i>
Caseload Adjustment	(588,792)
Salary and Benefit Adjustment	(390,356)
Final FMAP Adjustment	(109,799)
Licensing of Children's Behavioral Health Organizations (1.0 FTE position)	108,926
FY2025 Governor	\$7,732,064

Caseload Adjustment ***(\$588,792)***

The Budget decreases general revenues by \$588,792 to reflect estimated savings as a result of updated caseload projections in the Department for FY2025. The Budget adjusts caseload expenditures Department wide in FY2025, with the majority of the changes located in the Child Welfare program. The reduction within Children's Behavioral Health Services is related to residential placement and direct bill Medicaid savings.

Salary and Benefit Adjustment ***(\$390,356)***

The Budget decreases general revenues by \$390,356 for salary and benefit adjustments. These adjustments are primarily related to turnover and updated payroll projections, as well as anticipated shifts resulting from updated time tracking approaches.

Final FMAP Adjustment ***(\$109,799)***

The Budget decreases general revenues by \$109,799 to reflect adjustments to the enhanced federal medical assistance percentage (FMAP) to align with the final, rather than the preliminary, FMAP rate for FY2025. There is a corresponding increase in federal funds.

Licensing of Children's Behavioral Health Organizations (1.0 FTE position) ***\$108,926***

The Budget adds \$108,926 for 1.0 FTE Clinical Social Worker. This position is added to assist the Department with the licensing of children's behavioral health services provided outside of hospital settings. DCYF has created draft regulations for the licensing of Children's Behavioral Health Organizations (CBHOs). Once these regulations are finalized and adopted the Department will begin the process of reviewing applications for these licenses, with an expected 50-60 agencies requiring licensing every two years.

CHILD WELFARE

The Child Welfare division has two major sub-programs:

- **Child Protective Services (CPS):** CPS reviews and responds to reports of child abuse and neglect. CPS staff includes child protective investigators who specialize in the investigation of these reports. If a child is deemed to be at imminent risk of harm, they may be removed from the home and placed in State care for up to 48 hours, pending petitions before the Rhode Island Family Court.
- **Family Services Unit (FSU):** Staff members within Family Services provide ongoing social services and case management to children and families who become involved with DCYF due to abuse, neglect, substance abuse, or behavioral health issues.

The Child Welfare program includes out-of-home placements such as foster and congregate care. Foster care settings include kinship and non-kinship placements as well as private agency homes. Congregate care settings encompass residential treatment facilities, group homes, semi-independent living, and independent living. Child Welfare also includes the Permanency Services Unit, which oversees the administration of the adoption and guardianship subsidy program for children and youth in permanent placements.

Child Welfare	General Revenue
FY2024 Enacted	\$170,201,780
<i>Target and Other Adjustments</i>	
Procurement of Placement and Home-Based Services	1,980,299
Housing Adjustment	27,005,832
Caseload Adjustment	(6,312,720)
Out-of-State Medicaid Placements	(6,244,311)
Licensing for Children's Behavioral Health Organizations (1.0 FTE position)	3,942,152
Centralized Services (Statewide Adjustment)	101,353
FY2025 Governor	\$190,681,186

Procurement of Placement and Home-Based Services**\$27.0 million**

The Budget includes an increase of \$27.0 million from general revenue for an expected rate increase resulting from the expiration of provider contracts. The Department's contracts with foster and congregate care placement and community-based providers expired on July 1, 2023, and the Department is in the middle of ongoing contract negotiations to renew over 120 provider contracts for these services. Provider agencies have not received a contract increase since 2016, and many of the most recent contracts were negotiated using an hourly rate of less than \$16 per hour. Providers received a temporary rate increase of 14.0 percent in the FY2023 Budget as Enacted, and an additional 7.0 percent in the FY2024 Budget as Enacted. The Department anticipates that costs will continue to increase during procurement negotiations. The full financial impact of this procurement will not be known until the negotiation process is complete, which is anticipated by the end of FY2024.

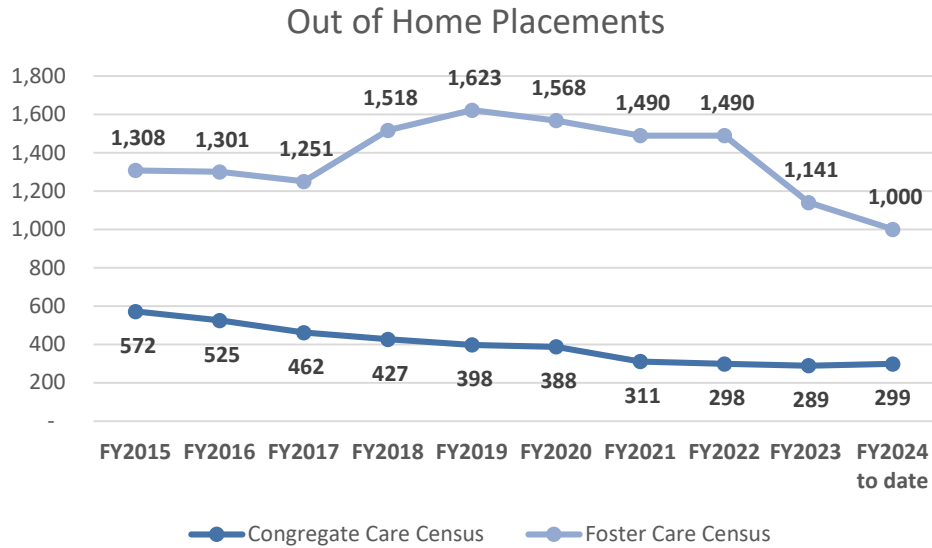
Housing Adjustment**(\$6.3 million)**

The Budget decreases general revenues by \$6.3 million (\$5.1 million all funds) related to adjustments made to the level of funding to support unhoused families receiving care through DCYF or community-based partnerships. The adjustment represents updated estimates of usage as well as the optimization of federal allowable Temporary Assistance for Needy Families (TANF) funding.

Caseload Adjustment**(\$6.2 million)**

The Budget estimates \$6.2 million in general revenue savings (an increase of \$930,773 all funds) in the Child Welfare program to reflect the updated caseload projections for the Department in FY2025. The Budget adjusts caseload expenditures Department wide in FY2025, a total increase of \$340,666 in all funds, with the largest portion of the adjustments taking place within Child Welfare.

The majority of expenditures in the Child Welfare program are caseload-driven and funded through the assistance and grants category. Funding includes per-diem reimbursement for foster families, private agency foster care, group homes, and residential treatment centers as well as subsidies for youth who have been adopted or are placed under a guardianship arrangement. Since the onset of the COVID-19 pandemic, the Department has experienced significantly fewer child abuse and neglect reports and investigations, with a corresponding reduction in the number of children entering State care. The average number of Child Protective Services (CPS) reports has declined from a pre-COVID average of 1,700 to 1,800 a month to an average of around 1,400 in the first eight months of FY2024. There was also a 29.4 percent reduction in out-of-home placements from a pre-COVID average of 2,000 to an average of approximately 1,414 in the first half of FY2024.



Out-of-State Medicaid Placements

\$3.9 million

The Budget increases general revenues by \$3.9 million to replace the estimated loss of federal funds for out-of-state providers. Per the Rhode Island Medicaid Office, all providers supporting the Department must be registered with RI Medicaid. The Department will be unable to claim Medicaid for Medicaid-eligible services with providers who do not complete this registration. This adjustment is a placeholder in anticipation of some out-of-state residential providers choosing not to enroll in RI Medicaid due to their low census of children from Rhode Island. Although the current out-of-state census amounts to over \$5.0 million in at-risk federal funding, approximately half of the 25 contracted out-of-state providers have already agreed to enroll in RI Medicaid, resulting in the slightly reduced shift.

Licensing for Children’s Behavioral Health Organizations (1.0 FTE position)

\$101,353

The Budget adds \$101,353 for 1.0 FTE Social Caseworker II. This position is added to assist the Department with the licensing of children’s behavioral health services provided outside of hospital settings. DCYF has created draft regulations for the licensing of Children’s Behavioral Health Organizations (CBHOs). Once these regulations are finalized and adopted, the Department will begin the process of reviewing applications for these licenses, with an expected 50-60 agencies requiring licensing every two years.

YOUTH DEVELOPMENT SERVICES

The Youth Development Services program (formerly Juvenile Correctional Services) includes two major sub-programs.

- **Rhode Island Training School (RITS):** The RITS is a secure correctional facility for adjudicated juvenile offenders as well as those who are detained and awaiting trial. The facility has a maximum capacity of 148, with 124 beds for male residents and 24 beds for female residents. The Training School is a 24-hour, 365-day operation providing housing, food, clothing, medical care, education, vocational training, and other programs and services to meet the needs of its residents.
- **Juvenile Probation and Parole:** Juvenile Probation supervises all formerly adjudicated youth placed on probation by the Family Court. Each youth is evaluated to determine their risk for recidivism. Staff members then create and enforce individualized plans to address the factors which contribute to delinquent behavior in order to prevent recidivism.

Youth Development Services	General Revenue
FY2024 Enacted	\$23,178,477
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<i>Target and Other Adjustments</i>	328,669
Centralized Services (Statewide Adjustment)	357,198
RITS Safety and Security (8.0 FTE positions)	255,994
FY2025 Governor	\$22,893,954

RITS Safety and Security (8.0 FTE positions) \$255,994

The Budget includes an increase of \$255,994 for the addition of 8.0 FTE positions at the Rhode Island Training School (RITS). The FY2024 Budget included an increase of 3.0 FTE positions for RITS to open a fourth module at the school to accommodate an increase in the daily population of male youth. At that time, it was indicated that the RITS census would continue to grow and the fourth module would continue to be necessary to house overflow male youth, requiring additional staff to meet adequate staffing levels. The FY2025 Budget confirms this continued growth with the recommended permanent opening of the fourth module of housing, and adds 8.0 FTE positions in accordance. Total general revenue costs for the staffing increase are \$949,732, with the majority of the increase counterbalanced by overtime savings in the Department.

HIGHER EDUCATION INCENTIVE GRANTS

The Higher Education Incentive Grant Program provides tuition assistance for former foster youth to attend a wide range of post-secondary institutions. The program is funded by State higher education incentive grants and federal Education and Training Vouchers (ETVs). General revenue funding for the incentive program is set by statute at \$200,000 per year. DCYF coordinates with the Office of the Post-Secondary Education Commissioner’s Division of Higher Education Assistance (DHEA) to administer this grant program and provide tuition assistance to between 50 and 75 former foster youth each year. DHEA provides information regarding cost of attendance and financial aid for each applicant to the program. This allows DCYF to ensure that funding is distributed equitably across participants.

Higher Education Incentive Grants	General Revenue
FY2024 Enacted	\$200,000
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FY2025 Governor	\$200,000

CAPITAL PROJECTS

The Budget includes a total of \$49.2 million in Rhode Island Capital Plan (RICAP) funds from FY2024 through FY2029, including \$15.3 million in both FY2024 and FY2025.

- **Girls’ Residential Treatment Facilities:** The Budget includes \$15.0 million per year in RICAP funds in FY2024, FY2025, and FY2026 and \$1.0 million in ARPA SFRF funds for the construction of a 16-bed intensive residential treatment facility (IRTF) for female youth in Rhode Island, as well as \$11.0 million in ARPA SFRF funds for the expansion of a current psychiatric residential treatment facility (PRTF) as part of a plan to expand in-state, residential facilities for female youth in the state. A current shortage of available, in-state, residential facilities for female youth with severe behavioral challenges results in on average approximately 25 to 30 female youth being placed out of state at any given time.
- **Intensive Residential Treatment Facility:** The FY2023 Budget included \$15.0 million per year in RICAP funds from FY2024 through FY2026, for a total of \$45.0 million in RICAP funds for the construction of a new 16-bed intensive residential treatment facility. \$1.0 million in SFRF funding was also included for the initial design and construction stage of the project. The IRTF facility is projected to begin construction in FY2024, with an estimated start of operations in early 2026. The

programming, schematic design, design development, and on-boarding of a construction manager have all been completed, with updated cost estimates and construction documents anticipated in the spring of 2024. The original timeline for start of operations remains on track.

- **Psychiatric Residential Treatment Facility:** The FY2023 Budget as Enacted included \$11.0 million in federal ARPA SFRF funds to expand existing in-state capacity at private facilities. The Department announced a signed agreement for the expansion of services with St. Mary's Home for Children, the only existing licensed PRTF in the State, on February 9, 2023. The expansion will consist of the construction and operation of an additional 12-bed facility on the St. Mary's Campus in North Providence, bringing their total capacity to 26. While the FY2023 Budget as Enacted anticipated a project completion date of June 2024, the most recent timeline anticipates a start to construction in March or April of 2024 and a facility completion date in March 2025, with the anticipated start of operations in April 2025.
- **Training School Asset Protection:** The Budget funds improvements and ongoing maintenance at the Training School, including resolving security system, water heater, and other structural issues. The Budget includes \$250,000 per year in FY2024 through FY2029 for a total of \$1.5 million in funding.

Department of Health

Expenditures by Program	FY2023	FY2024	FY2024	Change from		FY2025	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Central Management	24.4	28.5	27.7	-\$0.8	-2.8%	30.3	\$1.8	6.4%
Community Health and Equity	120.4	124.1	156.4	32.2	26.0%	165.5	41.4	33.4%
COVID-19	73.5	93.5	110.5	17.0	18.2%	57.7	(35.8)	-38.3%
Customer Services	18.3	20.2	23.6	3.4	16.9%	22.6	2.5	12.2%
Environmental Health	14.2	18.2	19.5	1.3	7.0%	19.6	1.4	7.4%
Health Laboratories and Medical Examiner	16.1	15.8	15.7	(0.2)	-1.0%	19.9	4.1	25.6%
Policy, Information, and Communication	4.5	5.3	8.1	2.8	52.8%	6.9	1.6	30.2%
Preparedness, Response, Infectious Disease, and Emergency Medical Services	18.9	22.0	24.2	2.2	9.8%	19.7	(2.3)	-10.6%
Total	\$290.2	\$327.6	\$385.5	\$57.9	17.7%	\$342.2	\$14.6	4.5%

Expenditures by Source	FY2023	FY2024	FY2024	Change from		FY2025	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
General Revenue	33.5	35.7	34.6	-\$1.1	-3.1%	37.4	\$1.7	4.8%
Federal Funds	193.2	225.1	262.6	37.5	16.7%	194.0	(68.6)	-33.8%
Restricted Receipts	62.9	66.5	88.4	21.9	33.0%	106.8	18.5	60.8%
Other Funds	0.6	0.4	0.0	(0.4)	-97.8%	4.0	4.0	905.4%
Total	\$290.2	\$327.6	\$385.5	\$57.9	17.7%	\$342.2	\$14.6	4.5%

Authorized FTE Levels	FY2023	FY2024	FY2024	Change from		FY2025	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
	543.4	574.4	575.6	1.2	0.2%	572.6	(1.8)	-0.3%

*\$ in million. Totals may vary due to rounding.

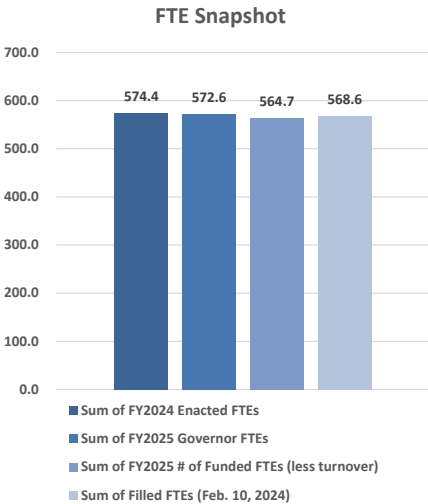
The mission of the Rhode Island Department of Health (RIDOH) is to prevent disease and to protect and promote the health and safety of the people of Rhode Island. Since Rhode Island has no local health departments the Department coordinates public health activities across the State. The Department’s responsibilities include licensing and regulation, collection and analysis of health data, disease surveillance, prevention, and control, vital records, and state laboratories. The Department also houses the Office of the Medical Examiner, the agency responsible for investigating and certifying suspicious or otherwise unexplained deaths.

MAJOR ISSUES AND TRENDS

The FY2025 Budget allocates funding for the eight programs within the Department of Health (DOH): Central Management, Community Health and Equity, COVID-19, Customer Services, Environmental Health, Health Laboratories and Medical Examiner, Policy, Information and Communications, and Preparedness, Response, Infectious Diseases and Emergency Services. The Budget includes \$342.2 million in all funds for FY2025, an increase of \$14.6 million from the FY2024 Budget as Enacted. General revenues compromise 10.9 percent of the total funds, equaling \$37.4 million, an increase of \$1.7 million from the FY2024 Budget as Enacted.

The Budget includes \$385.5 million in all funds for FY2024, an increase of \$1.2 million from the FY2024 Budget as Enacted. General revenues compromise 9.0 percent of the total funds, equaling \$34.6 million, a decrease of \$1.1 million from the FY2024 Budget as Enacted.

The Budget includes a reduction of 1.8 FTE positions, primarily related to the communications consolidation initiative required to satisfy RIGL 42-7.2-6.1(a)(3). The statute mandates that all communications duties located within Rhode Islands HHS agencies be transferred to the Executive Office of Health and Human Services (EOHHS).



CENTRAL MANAGEMENT

Central Management provides overall leadership, management, and administrative functions for the Department. The Division includes three subprograms: Executive Functions, the Health Equity Institute, and Management Services.

Central Management	General Revenue
FY2024 Enacted	\$3,845,945
<i>Target and Other Adjustments</i>	
Centralized Services (statewide adjustments)	(303,278)
FY2025 Governor	\$3,569,508

Central Management	Other Fund Changes
Public Health Infrastructure Grant (federal funds)	\$1,201,754
Preventative Health and Health Services Block Grant (federal funds)	734,094
Indirect Cost Recovery (restricted receipts)	695,504
RealJobs RI Workforce Solutions (federal funds)	266,142

Public Health Infrastructure Grant (federal funds) **\$1.2 million**

The Governor recommends increasing federal funds by \$1.2 million to support activities that bolster the staffing diversity required to effectively implement and respond to public health emergencies. The Department received a 5-year, \$15.3 million grant from the Centers for Disease Control and Prevention (CDC), to address critical public health infrastructure in ways that improve the Department’s ability to serve the needs of Rhode Island’s residents. These funds are to be used to support the workforce, data modernization, and foundational capabilities.

Preventative Health and Health Services Block Grant (federal funds) **\$734,094**

The Governor recommends an increase of \$734,094 in federal funds related to the Preventative Health and Health Services Block grant. This grant, which is administered by the Center for Disease Control and Prevention (CDC) addresses health disparities, health promotion, community interventions, and public health information. These funds allow the State to prepare and modify its public health initiatives to aid individual communities that are more susceptible to public health crises.

Indirect Cost Recoveries (restricted receipts) **\$695,504**

The Governor recommends a net decrease of \$12.1 million related to changes in the indirect cost recovery expenditures resulting from changes in various federal grant programs accounts within DOH. This decrease is attributable to the decrease of COVID-19 awards in FY2023 and based on the most recently ended fiscal year, which is SFY2023. The department utilizes indirect cost recovery funds for state supported operational costs to federal programs or activities.

In accordance with RIGL 34-4-23.1, the Department applies for federal indirect cost recoveries through an indirect cost proposal, which is submitted directly to the Department of Health and Human Services (DHHS). To receive this reimbursement, the Department submits an indirect cost proposal requesting federal approval of the indirect rate for the upcoming fiscal year.

Real Jobs RI Workforce Solutions (federal funds) **\$266,142**

The Governor recommends an increase of \$266,142 in federal funds to enhance a partnership between the Department of Labor and Training (DLT) and the Department of Health (DOH) to bolster workforce development within the healthcare fields. According to the Department of Health, Rhode Island, like the rest of the nation, is experiencing a workforce shortage within its healthcare industries, causing significantly adverse consequences to the field, and the health and well being of Rhode Islanders.

Real Jobs RI, a program administered by the DLT, is a workforce development program that partners with industries experiencing difficulties hiring personnel. Real Jobs RI develops programs that create pipelines into the designated workforce. These programs include job training opportunities, placing employees into immediate job openings, and advancing skills of employees already in the workforce.

COMMUNITY HEALTH AND EQUITY

The Division of Community Health and Equity aims to eliminate health disparities, assure healthy child development, control disease, and strive for healthy communities. The division includes four centers: chronic care and disease management, health promotion and wellness, perinatal and early childhood health, and preventive services.

Community Health and Equity	General Revenue
FY2024 Enacted	\$1,577,479
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<i>Target and Other Adjustments</i>	2,152
Family Home Visiting and First Connections	(913,716)
Juul Settlement	350,000
Cancer Registry	135,411
FY2025 Governor	\$1,151,326

Community Health and Equity	Other Fund Changes
Restricted Receipt Changes	\$37,281,695
Federal Funds Changes	5,851,654

Family Home Visiting and First Connections **(\$913,716)**

The Governor’s budget recommends a decrease of \$6.6 million in all funds, of which \$913,716 are general revenue and \$5.7 million are federal funds, to account for the transfer of the Family Home Visiting Program and the First Connections programs from the Department of Health to the Executive Office of Health and Human Services. While the programs and FTEs were transferred in the FY2024 Budget as Enacted, the Budget failed to transfer the funds required for the program. These programs were transferred to ensure an easier billing process for providers.

Juul Settlement **\$350,000**

The Governor’s budget recommends an increase of \$350,000 in general revenue to account for RIDOH’s portion of the Juul Settlement. Rhode Island is slated to receive a total of \$6.2 million over a 10-year period from the settlement. These funds will support initiatives to minimize school-based vaping by implementing intervention programs that encourage children to stop using tobacco and nicotine products.

Cancer Registry **\$135,411**

The Governor’s budget includes \$135,411 to support the RI Cancer Registry, which allows RIDOH and the CDC to evaluate incidence, morality, trends, and health disparities among people diagnosed with cancer. The Department receives approximately \$400,000 each year in federal funds from the CDC, however, the State requires additional funds to support the addition of 1.0 contracted FTE employed by the registry.

Restricted Receipt Changes **\$37.3 million**

The Governor’s recommended FY2025 Budget increases restricted receipts by \$37.3 million within the Community Health and Equity Program as compared to the FY2024 Budget as Enacted.

Community Health and Equity	Restricted Receipt Changes
Adult Immunizations	\$28,209,457
Infant - Child Immunization	9,072,238

- **Infant, Child, and Adult Immunization:** The Budget increases restricted receipts by \$37.3 million. These funds are primarily due to increased supply of the COVID-19 vaccines.

Federal Fund Adjustments**\$8.2 million**

The Governor's recommended FY2025 Budget increases federal funds by \$8.2 million within the Community Health and Equity Program as compared to the FY2024 Budget as Enacted. The Budget includes the following changes:

Community Health and Equity	Federal Funds
Family Home Visiting and First Connections	(\$5,677,649)
Immunization	5,339,450
WIC Supplemental Nutrition	4,788,070
Maternal, Infant and Early Childhood Home Visiting Grant Program	4,112,267
CARES Act	(2,288,877)
Preschool Development Grant (PDG)	(1,623,481)
Prescription Drug Overdose Prevention	(1,492,454)
Suicide Prevention	1,487,022
Maternal and Child Health Services Block Grant	1,343,838
Maternal Health Innovation Program	1,167,851
RI Diabetes and Heart Disease and Stroke Prevention	(1,123,594)
Cardiovascular Health Program	976,763
Advancing Health Equity for Priority Populations with or at Risk for Diabetes	914,573
State Physical Activity and Nutrition (DP23-0012)	897,499
Strategies to Prevent and Manage Heart Disease	(632,778)
Total	\$8,188,500

- **Immunizations:** The budget includes an increase of \$5.3 million to support immunization efforts within the Department. These funds are sourced from the Immunization and Vaccines for Children grant and supports additional COVID-19 vaccines added to the State supply last fall.
- **WIC Supplemental Nutrition:** The Budget includes an increase of \$4.8 million to support the Department's Women, Infant, and Children (WIC) Supplemental Nutrition program. The Department recently receive a new allotment of funds from the U.S. Department of Agriculture (USDA) which will be used to provides financial assistance to pregnant and postpartum women, and children. The Department's WIC program provides monthly payment of \$25 in cash benefits to children up to age 5, \$44 in benefits to pregnant and postpartum women, and \$49 in benefits to breastfeeding participants.
- **Maternal, Infant, and Early Childhood Home Visiting Grant Program:** The Budget increases federal funds by \$4.1 million to support the Departments share of the Home Visiting Program. The Governors budget is removing federal funds for the home visiting program that are associated with the Medicaid match to ensure more efficient Medicaid billing processes, however, the Department will still administer the program. These funds cover the remaining costs of the home visiting program that are not associated with Medicaid.
- **CARES Act:** The Budget decreases federal funds by \$2.3 million for the CARES Act Community Health Workers Grant.
- **Preschool Development Grant:** The Budget includes a net decrease of \$1.6 million in federal funds related to the preschool development block grant. This decrease is primarily related to changes in funding sources. These grants are subaward from EOHHS, the Department expects to receive a total of \$155,050 in funds. Historically, this grant has been used to support young children and families in Health Equity Zones, however, the Department HEZ funding has been significantly decreased due to more stringent regulations.

- **Prescription Drug Overdose Prevention:** The Budget decreases federal funds by \$1.5 million associated with The Departments prescription drug overdose prevention programs. The Changes in expenditures are primarily due to a \$4.9 million decrease in the Prevention Drug Overdose Prevention grant, expending all funding from this grant, and a \$3.4 million increase in the Overdose Data to Action (OD2A) Grant.

Overdose Data to Action (OD2A) is an opioid surveillance program administered by the Center for Disease Control and Prevention (CDC) which supports jurisdictions in implementing prevention activities and collecting data that could lead to more efficient overdose prevention data. The program tracks morbidity, mortality, and toxicology results of drug products and paraphernalia.

- **Strategies to Prevent and Manage Heart Disease:** The Budget includes a net \$1.6 million decrease of federal funds. The change in funds is primarily due to a change in funding sources, and the Department expects to receive \$976,763 in federal funds from the Cardiovascular Health Program grant to support this program in FY2025.
- **Suicide Prevention:** The Budget includes a \$1.5 million increase in federal funds to support the Department's suicide prevention initiatives. These funds help the Department maintain Prevent Suicide RI and Rhode Island Youth Suicide Prevention Project, as well as provide resources, educating parents, and develop the suicide prevention State Plan.
- **Maternal and Child Health Services Block Grant:** The Budget includes a \$1.3 million increase in federal funds associates with the Maternal and Child Health Block Grant. The Department receives this grant from the Health Resources and Services Administration to improve public health systems for mothers, children, and their families. The Department emphasizes health equity as an underlying principle of the program, which results in improving the health of women and children by reducing perinatal health disparities, reducing maternal mortality rate, strengthening the bond between mother and baby, ensuring school readiness, supporting behavioral health in adolescence, and ensuring effective care coordination.
- **Maternal Health Innovation Program:** The Budget includes \$1.2 million increase in federal funds to account for the Maternal Health Innovation Grant. These funds help track maternal mortality and severe maternal morbidity as well as help support maternal health services by improving access to services during pregnancy and during the postpartum period. These funds also support new training services and resources for health care professionals working in maternal and women health.
- **RI Diabetes and Heart Disease and Stroke Prevention:** The Budget includes a decrease of \$1.1 million in federal funds to account for the end of all expenditures form the original grant. The Department received a new grant in July 2023, allocating \$914,778, resulting in a net decrease of \$1.1 million. This program works to prevent and reduce death and disabilities related to heart disease, diabetes and stroke.
- **Advancing Health Equity for Priority Populations with or at Risk for Diabetes:** The Budget includes \$914,573 in federal funds to support the Department initiatives to reduce diabetes in at risk populations. These funds, provided to the State from the CDC, aim to advance health equity in priority populations with or at risk of diabetes. These funds also support implementation of evidence-based childhood obesity interventions.
- **State Physical Activity and Nutrition:** The Budget includes \$897,499 in federal funds regarding the CDC's State Physical Activity and Nutrition (SPAN) program. These funds support staff salaries and contracts with vendors, educating the public, and policy implementation to create supportive, equitable environments where individuals have access to healthy foods, increased physical activity, and the opportunity to connect with local organizations to address the prevention of chronic diseases.

COVID-19

The COVID-19 program was established within the Department of Health in FY2021 to support Rhode Island’s pandemic response. The program primarily consists of federal appropriations related to the public health response to the COVID-19 pandemic. This program continues into the FY2022 Governor’s Revised and FY2023 Governor’s Recommended budgets. The Department of Health is responsible for coordinating the State’s efforts in combatting COVID-19 with contact tracing and case investigations, treatment, testing, vaccinations, and lab processing.

Covid-19	Other Fund Changes
COVID-19 Adjustments (federal funds)	(\$35,770,117)

COVID-19 Adjustments (federal funds) (\$35.8 million)

The Budget decreases federal funds by \$35.8 million to reflect expenditures towards the State’s response to the COVID-19 pandemic. Expenditures are funded through the Consolidated Appropriations Act 2021, the CARES Act, PPHCE, FEMA disaster resources, and from the American Rescue Plan Act (ARPA) direct appropriations. The funding within the Department of Health supports efforts in testing, contact tracing, vaccination, other public health-related activities, and the construction of a new State Health Laboratory. The Budget includes \$42.0 million in ARPA funds and \$15.8 million in the other COVID-19 funds.

COVID-19	FY2024 Enacted	FY2025 Governor	Change From Enacted	
Other Support Services	\$74.1	\$37.8	(\$36.3)	-49.0%
Contact Tracing/Case Investigation	1.2	3.7	2.5	205.7%
Supplies	7.1	4.6	(2.4)	-34.6%
Data Analytics, Tech & Modeling	4.2	6.3	2.1	48.6%
Community Mitigation & Prevention	6.4	4.3	(2.0)	-32.0%
Testing	0.4	0.9	0.5	131.4%
Communications	0.1	0.1	(0.0)	-20.9%
Total	\$93.5	\$57.7	(\$35.8)	-38.3%

COVID-19	FY2024 Enacted	FY2025 Governor	Change From Enacted	
ARPA Direct	\$81.8	\$42.0	(\$39.8)	-48.7%
CARES Act	1.3	0.1	(\$1.2)	-92.6%
PPEHCE	1.8	4.1	\$2.3	131.6%
Consolidates Appropriations Act	8.5	11.6	\$3.1	35.8%
FEMA	0.1	0.0	(\$0.1)	-100.0%
Total	\$93.5	\$57.7	(\$35.8)	-38.3%

- **Other Support Services:** The Budget decreases federal funds by \$36.3 million for support services. These services include miscellaneous costs associated with the overall response to the public health crisis. These include costs related to community mitigation, high density cases, human services relief, childcare, and government readiness.
- **Testing:** The Budget increases federal funds by \$488,645 for costs related to equipment, staffing, and contracted services related to COVID-19.
- **Data Analytics, Tech, and Modeling:** The Budget increases federal funds by \$2.1 million for costs related to tracking data associated with COVID-19. This includes tracking cases, tests, treatment, hospitalizations, and deaths as well as infrastructure needed to develop models that predict disease projections.

- **Case Investigations and Contact Tracing:** The Budget increases federal funds by \$2.5 million reflecting increased need for the infrastructure required for contract tracing and investigations, operating support, and the personnel to manage the overall process.
- **Communications:** The Budget decreases federal funds for communications by \$28,391 to reflect a decreased need for infrastructure related to delivering information to Rhode Island residents that will assist them in making appropriate health decisions.
- **Supplies:** The Budget decreases federal funding by \$2.4 million for vaccination and immunization costs.
- **Community Mitigation and Prevention:** The Budget decreases federal funds for Community Mitigation by \$2.1 million for services related to mitigation and prevention of COVID-19. This expense includes community outreach, mitigation and prevention in homeless service sites and health equity zones, and vaccination costs.

CUSTOMER SERVICES

The Division of Customer Services has licensure and regulatory responsibilities of health care professionals and facilities, and is comprised of three centers: Professional Licensing, Boards and Commissions; the Center for Vital Records’, and the Center for Health Facilities Regulation.

Customer Services	General Revenue
FY2024 Enacted	\$8,216,978
<i>Target and Other Adjustments</i>	<i>(73,989)</i>
Vital Records	403,622
Professional Licensing and Boards	227,496
Centralized Services (statewide adjustments)	195,258
FY2025 Governor	\$8,969,365

Customer Services	Other Fund Changes
Opioid Abatement (restricted receipts)	\$1,395,359
Opioid Stewardship Fund (restricted receipts)	(\$146,124)
Public Health Integration (federal funds)	133,880
Prescription Drug Monitoring (federal funds)	111,611
McKinsey Opioid Settlement (restricted receipts)	(110,000)

Vital Records \$403,622

The Budget includes a net \$403,622 increase in general revenue within the Office of Vital Records, which is primarily due to increased planned expenditures with contracted vendors. An additional \$400,000 has been made available through the Department of Administration’s ITIF fund. The Department expects that these funds will be included in the Office’s base budget in future fiscal years.

Health Professional Licensing and Boards \$227,496

The Budget includes an increase of \$227,496 in general revenue to account for changes in funding for medical marijuana licensing support. The Department repurposed positions within the program, resulting in a \$354,333 increase in personnel expenses, and a \$130,137 decrease in operating expenses. Funding for these positions are now supported by general revenue rather than restricted receipts.

Personnel Category	FY2024	FY2025	<i>Change from Enacted</i>	
	Enacted	Governor		
Salary	\$1,931,512	\$2,147,567	\$216,055	11.2%
Benefits	449,844	509,381	59,537	13.2%
Employee Retirement	656,273	716,629	60,356	9.2%
FICA	143,485	161,870	18,385	12.8%
Total	\$3,181,114	\$3,535,447	\$354,333	11.1%

Rhode Island Statewide Opioid Abatement Account (restricted receipts) \$1.4 million

The FY2023 Budget as Enacted established the Opioid Abatement Account within the Executive Office of Health and Human Services (EOHHS) to place distributions from various opioid settlement agreements. These funds are dedicated to forward-looking abatement efforts as defined through settlement agreements. The Department has received \$3.1 million of these funds, an increase of \$1.4 million from the FY2024 Budget as Enacted, to complete opioid abatement activities. These funds will be used to support the Department street outreach initiative and naloxone (Narcan) distribution.

The Department’s street outreach initiative employs mobile units to connect with populations who are at risk of drug use and overdose. The mobile unit provides services and supplies to individuals who may be unable to travel to clinics that provide similar services. The main component of this initiative is that the mobile unit provides basic needs, harm reduction tools, and peer recovery support to vulnerable populations.

Opioid Stewardship Fund (restricted receipts) (\$146,124)

The Governors budget includes \$1.7 million in restricted receipts to support the Department’s share of the Opioid Stewardship Fund, a decrease of \$146,124 from the FY2024 Budget as Enacted. The Opioid Stewardship Fund supports opioid treatment, recovery, prevention, and education services. The Department of Health uses these funds to support harm reduction centers, harm reduction mobile outreach projects, overdose death detection, and substance exposed newborn interventions.

Public Health Integration (federal funds) \$133,880

The Budget includes a federal funds increase of \$133,880 to account for a grant from CMS related to the Office of Vital Records electronic death registration system. In Fy2024, the Office received a one-time \$1.0 million grant from the CDC to create the electronic death registration system. The Office received a second grant from CMS, connecting the office with Medicaid health systems across the nation.

Prescription Drug Monitoring (federal funds) \$111,611

The Budget includes a net increase of \$111,611 related to the Department’s prescription drug monitoring program. The program collects data for controlled substance prescriptions into a database, which is then utilized by pharmacists and physicians involved in the treatment of patients. Funding changes are illustrated in the table below.

Perscription Drug Monitoring	FY2024	FY2025	<i>Change from Enacted</i>
	Enacted	Governor	
Harold Rogers Prescription Drug Monitoring Program	-	\$414,597	\$414,597
Prescription Drug Monitoring- MMIS	-	717,842	717,842
Prescription Drug Monitoring Program Enhancement	1,020,828	-	(1,020,828)
Total	\$1,020,828	\$1,132,439	\$111,611

McKinsey Opioid Abatement (restricted receipts) (\$110,000)

The Governor recommends a decrease of \$110,000 in FY2025, as the Department expects to exhaust all funds in FY2024. These funds supported harm reduction centers and naloxone purchases. The Department

plans to continue these activities and other strategies that mitigate opioid overdose deaths with other funding sources.

ENVIRONMENTAL HEALTH

The Environmental Health program holds responsibility for the licensure and regulatory activities related to Environmental Health and all activities related to Healthy Homes. The program regulates and provides oversight of population-based activities related to safe food; clean water; healthy homes in the areas of lead, asbestos, radon; and, health and safety in the workplace. The program includes three Centers: The Center for Food Protection, the Center for Drinking Water Quality, and the Center for Healthy Homes and Environment.

Environmental Health	General Revenue
FY2024 Enacted	\$6,042,901
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<i>Target and Other Adjustments</i>	<i>(24,451)</i>
Lead Registry	1,289,997
Food Protection and Sanitation	(85,972)
Drinking Water Quality	(67,003)
FY2025 Governor	\$7,155,472

Environmental Health	Other Fund Changes
Drinking Water State Revolving Funds (federal funds)	\$378,555

Lead Registry \$1.3 million

The Budget includes \$1.3 million in general revenue to support the Lead Rental Registry as required in Article 3 of the Governor’s Budget. Article 3 establishes a lead rental registry within the Department of Health, containing details of all lessors who have not provided certificates of conformance to Rhode Island’s lead hazard mitigation laws. The database will contain all rental properties built before 1978. Article 3 requires all lessors to comply by October 1, 2025.

Food Protection and Sanitation (\$85,972)

The Budget includes a decrease of \$85,972 in general revenue, reflecting significant changes in personnel and operations expenses. The Governor’s recommended budget decreases personnel expenditures by \$528,729, while increasing operating expenditures by \$442,251. Personnel changes are as followed:

Personnel Category	FY2024 Enacted	FY2025 Governor	Change from Enacted	
Salary	\$2,461,882	\$2,091,036	(\$370,846)	-15.1%
Benefits	577,286	584,927	7,641	1.3%
Employee Retirement	825,492	686,144	(139,348)	-16.9%
FICA	183,559	156,389	(27,170)	-14.8%
Total	\$4,048,219	\$3,518,496	(\$529,723)	-13.1%

Drinking Water Quality (\$67,003)

The Budget includes a \$67,003 decrease for operating expenses for the Drinking Water Quality initiative. In FY2024, the Department included \$65,454 in funds which were originally slated to be used for FTE costs. These funds have since been removed as the Drinking Water Quality program no longer has any vacancies.

According to the Department, funding for vacant FTE positions are usually placed in operating expenses when a position is vacant. The Department then removes these costs in the following fiscal year once the position is filled. It is unclear why the Department is budgeting funds for personnel as operating expenditures.

Drinking Water State Revolving Fund (federal funds) \$378,555

The Budget includes an increase of \$378,555 in federal funds. The Drinking Water State Revolving fund supports projects related to improving drinking water, leaky and old pipes, improving source of water supply, replacing and constructing finished water storage tanks, and other infrastructure needs related to drinking water and public health. The increase is attributable to a new grant from the RI Infrastructure Bank, and support numerous activities including technical assistance, quality assurance, surveillance, and maintenance of public water systems.

HEALTH LABORATORIES AND MEDICAL EXAMINER

The Health Laboratories and Medical Examiner provides laboratory services to state and municipal agencies, health care providers, and the general public, for the purposes of public health, environmental protection, and forensic science.

The Medical Examiner investigates and certifies the cause of death in the case of all known or suspected homicides, suicides, accidents, sudden infant deaths, drug-related deaths, medically unattended or unexplained deaths, and deaths that may be evidence of an epidemic or other threat to the public health. The Division also provides expert testimony in criminal and civil cases.

Health Laboratories and Medical Examiner	General Revenue
FY2024 Enacted	\$12,757,344
<i>Target and Other Adjustments</i>	<i>(19,387)</i>
Centralized Services (statewide adjustments)	222,892
State Medical Examiner	246,006
Forensic Sciences	133,265
FY2025 Governor	\$13,340,120

Health Laboratories and Medical Examiner	Other Fund Changes
DNA Capacity Enhancement for Backlog Reduction (federal funds)	\$617,277

State Medical Examiner \$246,006

The Budget includes a general revenue increase of \$246,006, which is attributable to a \$777,273 increase in personnel expenditures, which is partially offset by a \$531,276 decrease in contract and operating expenditures. The personnel increase is driven by the Department's expectation of hiring 1.0 Medical Examiner and 2.0 Assistant Medical Examiners.

Forensic Sciences \$133,256

The Budget includes a general revenue increase of \$133,256 to account for a \$313,820 increase in operating expenses and a \$150,235 decrease in personnel expenses. The increase in general revenue operating expenditures are primarily due to increased funding to the Health Lab as the lab lost restricted receipt opioid funding in FY2025. The decrease in personnel expenditures is related to a shift in funds as the Chief of Forensic Sciences salary is being placed in miscellaneous expenses as opposed to personnel expenses. This repurpose of funds is to mitigate the Department exceeding its FTE cap.

DNA Capacity Enhancement Backlog Reduction \$617,277

The Budget includes \$617,277 in federal funds to support the Department's Division of Forensic Sciences. The grant, administered by the Department of Justice, increases the Department's ability to process DNA

samples that are then entered into the Federal Bureau of Investigation’s nationwide DNA database. Specifically, this grant supports 2.0 existing FTE forensic scientist positions, increase the capacity of laboratory casework, and provide continuing education and training opportunities to comply with quality assurance standards. The Department expects these funds to decrease RIDOH backlog by 125 cases annually.

POLICY, INFORMATION, AND COMMUNICATION

The Policy, Information, and Communication division is responsible for public health communications; data collection, analysis, and dissemination; coordination of the Department’s legislative and regulatory functions; and ensuring standards of care are maintained in new and existing healthcare facilities. The division includes four centers: Public Health Communications, Health Data and Analysis and Public Informatics, Health Systems Policy and Regulation, and Legislative and Regulatory Affairs.

Policy, Information, and Communication	General Revenue
FY2024 Enacted	\$982,376
<i>Target and Other Adjustments</i>	3,724
Centralized Services (statewide adjustments)	12,488
FY2025 Governor	\$998,588

Policy, Information, and Communication	Other Fund Changes
Health Professional Loan Repayment (restricted receipts)	\$535,000
Health Professional Loan Repayment (federal funds)	451,208
All Payor Claims Database (restricted receipts)	264,484
Behavioral Risk Factor Survey (federal funds)	248,522

Health Professional Loan Repayment (federal funds) \$451,208

The Budget includes \$451,208 for the health professional loan repayment program, which provides loan repayment to eligible health care professionals. The fund also aligns with a corresponding restricted receipt increase of \$535,000. This appropriation is used as the State match and is funded through donations.

All Payor Claims Database (restricted receipts) \$264,484

The Budget includes \$264,484 in restricted receipts to support HealthFacts RI, the States all payor claims database. HealthFacts RI collects healthcare claims data from a variety of sources including Medicare and Medicaid. According to the Department, this increase is due to expected increases in contracted services to maintain the database.

Behavioral Risk Factor Survey (federal funds) \$248,522

The Budget includes \$248,522 in federal funds to support the Department’s behavioral risk factor survey. This is a year-round survey used by the Department to assess the behaviors of adults that may cause adverse health effects such as physical activity, smoking, and receiving a flu shot. According to the Department, this increase is primarily due to increased costs with the contractor conducting these surveys.

PREPAREDNESS, RESPONSE, INFECTIOUS DISEASE, AND EMERGENCY MEDICAL SERVICES

The Preparedness, Response, Infectious Disease, and Emergency Medical Services division includes four centers: Emergency Preparedness and Response; Infectious Disease and Epidemiology; HIV, Hepatitis, STD, and TB Epidemiology; and, Emergency Medical Services.

The division prepares for and responds to catastrophic events, disasters, and emergencies. It also monitors and works to prevent the spread of infectious diseases, and licenses and regulates emergency medical services in the state.

Preparedness, Response, Infectious Disease, and Emergency Medical Services	General Revenue
FY2024 Enacted	\$2,232,149
<i>Target and Other Adjustments</i>	<i>(2,340)</i>
Emergency Medical Services	(152,637)
Acute Infectious Diseases	92,396
FY2025 Governor	\$2,169,568

Emergency Medical Services ***(\$152,637)***

The Budget includes a \$152,637 general revenue decrease. This decrease is inclusive of a \$129,508 decrease in operating expenses, which were originally slated to be used for FTE and contract costs. According to the Department, these funds were originally budgeted in this account in 2022 as a placeholder due to a vacancy, however, due to unspent federal funding, the Department allocated the backfill to the federal funds, resulting in these general revenue savings.

According to the Department, funding for vacant FTE positions are usually placed in operating expenses when a position is vacant. The Department then removes these costs in the following fiscal year once the position is filled. It is unclear why the Department is budgeting funds for personnel in operating expenditures.

Acute Infectious Diseases ***\$92,396***

The Budget includes a general revenue increase of \$92,396 to account for an increase in a grant award from Aids Care Ocean State (ACOS) for HIV prevention services. According to AIDSVu, an interactive HIV mapping tool supported by Emory University's Rollins School of Public Health in conjunction with Gilead Sciences and the Center for AIDS Research at Emory University (CFAR), in 2021, the most recent available data, 7 in every 100,000 Rhode Islanders were diagnosed with HIV. In 2021, Rhode Island saw a total increase of 68 new HIV diagnoses.

CAPITAL PROJECTS

State Health Laboratory Building

The Budget includes \$32.9 million in Rhode Island Capital Plan (RICAP) funds within the Department to construct a new state health laboratory building in FY2024, with a total project cost of \$78.1 million from FY2022 through FY2025. The project will enable the State to expand existing programs as well as provide additional space for biocontaminants, additional office space, and shipping facilities.

Health Laboratories & Medical Examiner Equipment

The Budget includes \$400,000 in Rhode Island Capital Plan (RICAP) funds within the Department for various capital improvement projects in FY2024, with a total project fund of \$3.5 million from FY2022 through FY2028. The funding will support the Laboratory Medical Equipment Fund to replace laboratory equipment at the State Health Laboratory. Much of the equipment is obsolete or no longer supported by the manufacturer. Failure to replace the equipment could result in the Health Lab losing the capability to complete necessary testing on food and water, infectious diseases, insect-borne viruses, forensics, and air quality.

Department of Human Services

Expenditures by Program	FY2023 Actuals	FY2024 Enacted	FY2024 Revised	Change from Enacted		FY2025 Governor	Change from Enacted	
Central Management	\$12.9	\$17.3	\$18.6	\$1.3	7.5%	\$14.5	(\$2.8)	-16.4%
Child Support Enforcement	16.5	18.2	17.6	(0.6)	-3.2%	18.4	0.2	1.3%
Health Care Eligibility	15.7	27.6	32.7	5.1	18.3%	27.5	(0.2)	-0.7%
Individual and Family Support	187.4	185.9	202.5	16.6	8.9%	179.0	(6.9)	-3.7%
Office of Healthy Aging	30.8	38.7	35.5	(3.2)	-8.2%	28.5	(10.2)	-26.3%
Office of Veterans Affairs	41.8	49.9	48.0	(1.8)	-3.6%	52.2	2.3	4.6%
State Funded Programs	469.7	381.2	373.5	(7.6)	-2.0%	363.9	(17.3)	-4.5%
Rhode Island Works/ Child Care	84.3	98.1	94.0	(4.2)	-4.3%	96.6	(1.5)	-1.6%
Supplemental Security Income Program	16.6	17.1	16.6	(0.5)	-2.8%	16.5	(0.6)	-3.4%
Total	\$875.7	\$834.0	\$839.0	\$5.0	0.6%	\$797.2	(\$36.8)	-4.4%

Expenditures by Source	FY2023 Actuals	FY2024 Enacted	FY2024 Revised	Change from Enacted		FY2025 Governor	Change from Enacted	
General Revenue	\$122.2	\$155.6	\$152.1	(\$3.4)	-2.2%	\$142.0	(\$13.5)	-8.7%
Federal Funds	\$744.0	\$666.9	\$673.7	6.7	1.0%	646.4	(20.6)	-3.1%
Restricted Receipts	\$4.5	\$5.9	\$7.4	1.5	25.3%	6.2	0.3	5.2%
Other Funds	\$4.9	\$5.6	\$5.8	0.3	4.7%	2.6	(3.0)	-54.0%
Total	\$875.7	\$834.0	\$839.0	\$5.0	0.6%	\$797.2	(\$36.8)	-4.4%

Authorized FTE Levels	1,067	1,070	1,070	-	-	1,079	9.0	0.8%
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\$ in millions. Totals may vary due to rounding.

The Department of Human Services (DHS) administers programs and services that support the needs of children and families, adults and children with disabilities, veterans, and the elderly. These services include health care, child care, cash assistance, and other supportive services for working parents and families.

MAJOR ISSUES AND TRENDS

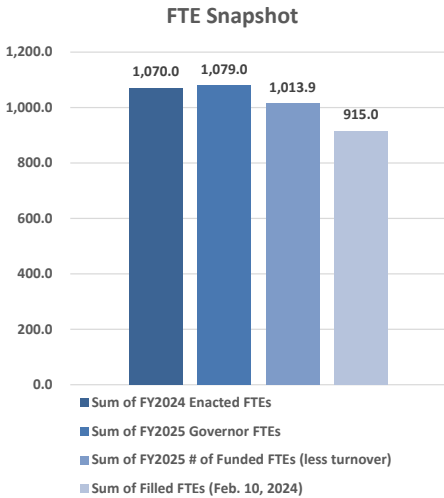
The FY2025 Budget includes total funding of \$797.2 million, a \$36.8 million decrease from the FY2024 Budget as Enacted. This includes a general revenue decrease of \$13.5 million. The majority of the general revenue decrease is attributable to the end of the Department’s Eat Well Be Well SNAP Incentive Pilot, changes in personnel expenditures, and changes to the Department’s expected grant revenue.

The Eat Well Be Well initiative was enacted to encourage healthy habits by reimbursing beneficiaries \$0.50 for every \$1.00 spent on eligible foods such as fruits and vegetables. All SNAP recipients were enrolled in the program, with each beneficiary receiving up to \$25.00 a month to participate. Funds for this program were originally appropriated in the FY2023 Budget as Enacted; however, the Department initially experienced difficulties with acquiring retailers. Currently, participating retailers include Stop & Shop and Walmart. The Eat Well Be Well initiative accounts for a \$10.0 million decrease in general revenue.

The Budget authorizes 1,079.0 FTE positions for FY2025, reflecting a 9.0 FTE increase from the FY2024 Budget as Enacted.

RI Bridges

The RI Bridges Project, previously known as Unified Health Infrastructure Project (UHIP), is the largest information



technology (IT) project undertaken by the State intended to fully integrate health and human service programs, and establish a State-based health insurance exchange, HealthSource RI. The project was developed in two phases. Phase I, launched in 2013, created an online portal for purchasing commercial health insurance and income-based Medicaid eligibility. Phase II of UHIP, launched in September of 2016, was intended to expand the system to serve as a portal through which residents apply for and enroll in other health and human service programs such as Child Care, Supplemental Nutrition Assistance Program (SNAP), General Public Assistance (GPA), and Supplemental Security Income (SSI) programs.

Phase II of the UHIP project has been plagued with technical failures resulting in delays in eligibility and payments to providers and individuals. The costs of the project are projected to total \$775.8 million through FY2024. Costs are shared across the Executive Office of Health and Human Services (EOHHS), DHS, and HealthSource RI (HSRI).

The Department's budget includes a total of \$31.9 million related to RI Bridges/UHIP expenditures, a decrease of \$28,777 from the FY2024 Budget as Enacted level.

Caseload Estimating Conference

Every November and May, the State revises cash assistance caseload forecasts in order to estimate entitlement program spending for both the current and the following fiscal year. The November 2022 Caseload Estimating Conference adopted estimates dictate the entitlement program appropriations included in the FY2025 Governor's Budget.

Overall spending for cash assistance programs, including RI Works, child care subsidies to working families, Supplemental Security Income (SSI) state supplement, and General Public Assistance (GPA), is estimated to be \$115.5 million in FY2025, a decrease of \$1.6 million from the FY2024 Enacted level. Major contributors to this decrease include a less than expected growth in Child Care subsidies. The conferees considered reports from families and facilities regarding severe workforce shortages, staffing issues, and excessive wait times, leading the conferees to question whether the CCAP program could continue to grow without overwhelming the system. Additionally, the conferees observed decreases in SSI subsidies and expenditures. While it is unknown why SSI subsidies continue to decrease, the conferees determined to maintain the observed decrease in subsidies into FY225.

Cash Assistance Program - November 2025 Adopted Estimates

	FY2023 Final	FY2024 Enacted	FY2024 Revised	FY2025 November	FY2025 Gov	Change to Enacted
Rhode Island Works						
Persons	8,245	8,518	8,520	8,975	8,975	457
Monthly Costs per Person	\$230.0	\$232.0	\$233.0	\$234.0	\$234.0	\$2.00
Federal Funds*	\$24.7	\$26.0	\$25.9	\$27.5	\$27.5	\$1.5
Child Care						
Subsidies	5,605	6,776	6,050	6,400.0	6,400.0	(376.0)
Annual Cost per Subsidy	\$10,639.0	\$10,650.0	\$10,750.0	\$10,800.0	\$10,800.0	\$150.0
Federal Funds*	\$50.5	\$62.0	\$57.9	\$59.0	\$59.0	(\$3.0)
General Funds*	\$9.1	\$10.2	\$10.2	\$10.1	\$10.1	(\$0.1)
SSI - State Supplement						
Persons	31,630	31,900	31,000	31,000	31,000	(900)
Monthly costs per Person	\$44.0	\$44.5	\$44.5	\$44.3	\$44.3	(\$0.3)
General Revenue*	\$16.6	\$17.1	\$16.6	\$16.5	\$16.5	(\$0.6)
General Public Assistance						
Persons	352	558	578	826	826	268
Monthly Costs per Person	\$154.0	\$186.0	\$170.0	\$177.0	\$177.0	(\$9.0)
General Revenue*	\$1.2	\$1.8	\$1.8	\$2.4	\$2.4	\$0.6
Total	\$102.1	\$117.1	\$112.4	\$115.5	\$115.5	(\$1.6)
Federal Funds*	\$75.2	\$88.0	\$83.8	\$86.5	\$86.5	(\$1.5)
General Revenue*	\$26.9	\$29.1	\$28.6	\$29.0	\$29.0	(\$0.1)

*\$ in millions.

CENTRAL MANAGEMENT

Central Management, which includes the Office of the Director, supervises, coordinates, and monitors all departmental functions within DHS. This division also includes the Office of Policy Analysis, Research, and Development; the Operations Management Unit; the Collections, Claims, and Recoveries Unit; and, the Fraud Investigation Unit.

Central Management	General Revenue
FY2024 Enacted	\$5,954,150
<i>Target and Other Adjustments</i>	(37,782)
Operating Supplies and Expenses	\$159,819
Electronic Resource Planning (statewide adjustments)	108,923
Communications Consolidation	(47,390)
Centralized Services (statewide adjustments)	22,921
FY2025 Governor	\$6,160,641
Other Fund Changes	
ARPA SFRF: Food Bank (federal funds)	(\$3,000,000)
Early Head Start Supplemental Support (federal funds)	3,000,000

Operating Supplies and Expenses **\$159,819**

The Governor recommends a \$159,819 general revenue increase in operating supplies and expenses to account for Grants Management System fees. This is a new account in which the Department has not received an allocation for ahead of budget submissions. The Grants Management System (GMS) automates manual grant business processes such as maintaining data required for federal and state requirements. GMS creates a more transparent and efficient customer relationship.

Communications Consolidation **(\$47,390)**

The Governor’s Budget transfers of \$47,390 in general revenue to EOHHS to shift 0.32 public information officer (PIO) FTE position to the Executive Office of Health and Human Services, as part of the remaining consolidation as required by RIGL 42-7.2-6.1(a)(3). The transfer would better interagency communication between EOHHS and other HHS agencies, especially for goals that align with other state agencies (overdose prevention, HCBS, strengthening the healthcare workforce). This would also enable the communications teams to develop communications dashboards to track outcomes relating to paid media, activity with social media accounts, E-newsletter metrics, sponsored community events, etc. Agency wide, this budget item results in a \$102,747 in savings, with decreases in Individual and Family Supports (IFS), and Health Care Eligibility (HCE).

ARPA SFRF: Food Bank (federal funds) **(\$3.0 million)**

The Budget includes a decrease of \$3.0 million in one-time ARPA SFRF funding allocated to the RI Food Bank in the FY2024 Budget as Enacted. The organization reported a significant increase in utilization, as food insecurity has nearly tripled from pre-pandemic numbers. The funds supported the Food Bank in achieving its mission of providing nutrient dense food to RI households who struggle with food insecurity.

Early Head Start Supplemental Support (federal funds) **\$3.0 million**

The Budget includes \$3.0 million in federal funds to account for an increase in Early Head Start funding. Early Head Start working with children from birth to age 3, creating a strong foundation for early childhood learning. These funds support increased state cost per child for existing 130 early pre-k slots to align with federal cost per child. These funds will also support classroom reopening that were not operational in the 2022-2023 school year.

CHILD SUPPORT ENFORCEMENT

The Office of Child Support Enforcement assists families by ensuring payment of court-ordered child support payments. The Office provides the following services: location of non-custodial parents, establishment of paternity, establishment and modification of child support orders, and enforcement, through the use of license suspensions, tax refund intercepts, and liens. Collections recovered from families that receive state support through Rhode Island Works or Medicaid are retained by the State, while other collections are distributed directly to families.

Child Support Enforcement	General Revenue
FY2024 Enacted	\$4,541,800
<i>Target and Other Adjustments</i>	<i>2,759</i>
Child Support Enforcement Case Management System Transition	354,167
Child Support Enforcement	(274,220)
FY2025 Governor	\$4,624,506

Child Support Enforcement Case Management System Transition **\$354,167**

The Budget includes a shift of \$354,167 in general revenue from FY2024 to FY2025 to support the transfer of RIKidsBridge, the primary mainframe utilized by the Office of Child Support Enforcement, off the mainframe and into a web-based platform. While the mainframe is utilized by the Office, it has become

outdated (designed in the early 1990s). Additionally, by CY 2028, the Office will be the only tenant following the end of the current contract. The system supports approximately 70,000 child support cases, collecting about \$93.0 million in child support annually.

Child Support Enforcement (\$274,220)

The Budget includes a decrease of \$274,220 in general revenue to account for changes in the office. This decrease is primarily attributable to a \$425,000 decrease in IT services, which is offset by a \$41,432 increase in operating expenditures for software maintenance that was unintentionally underfunded, and a \$15,071 increase in personnel expenditures for statewide adjustments to the current service level. This decrease is also offset by a \$94,227 increase in security and constable services for field office security at the new field office on Holden Street in Providence, which opened in late 2023.

OFFICE OF HEALTHY AGING

The Office of Healthy Aging, previously the Division of Elderly Affairs, provides comprehensive services, advocacy, and public policy dedicated to the needs of older Rhode Islanders, adults with disabilities, their caregivers, and families. The Office implements a system of community-based care for individuals sixty years and older as well as adults with disabilities. The Office is responsible for developing and implementing a State Plan on Aging under the federal Older Americans Act. The Office oversees the Aging and Disability Resource Center (called “The Point”) and a network of community information specialists who provide referrals to services and other resources to elders and adults with disabilities.

Office of Healthy Aging	General Revenue
FY2024 Enacted	\$13,654,589
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<i>Target and Other Adjustments</i>	<i>13,073</i>
CNOM Savings	(\$2,727,003)
Elderly Transportation	841,802
CNOM- Home Care Co-Pay	(652,232)
OHIC Rate Review	572,545
Senior Center Additional Funding	200,000
Centralized Services (statewide adjustments)	(90,892)
FY2025 Governor	\$11,811,882

Office of Healthy Aging	Other Fund Changes
CNOM Savings (federal funds)	(\$3,189,227)
OHIC Rate Review (federal funds)	\$737,927
Congregate Meals (federal funds)	515,743
Social Services Block Grant (federal funds)	400,000
Commodity Supplemental Food Program (federal funds)	63,436
Elder Justice Act (federal funds)	42,260

CNOM Savings (\$2.7 million)

The Budget includes a decrease of \$2.7 million in general revenue to account for updated utilization rates, which the Office originally overestimated based on FY2023 Enacted rates. CNOM, or costs not otherwise matchable, are finances spent on population and services not covered by Medicaid. These expenses include, but are not limited to, dentures, most dental care, hearing aids and fittings, and long term/ custodial care and the Department is experiencing a decrease in these services. OHA reports that the Office continues to see program growth, but have not yet returned to pre-pandemic levels as there is decreased utilization in

housekeeping, meal service, adult day care, health centers, and other assistance to individuals 65 and older. There is a corresponding federal funds decrease of \$3.2 million.

The Budget includes \$652,232 in general revenue savings related to CNOM home care co-payments, resulting in decreases in both State and federal appropriations. However, the Office of Management and Budget (OMB) inadvertently included the decrease. The Office expects a Governors Budget Amendment (GBA) remedying the decrease.

Elderly Transportation

\$841,802

The Budget includes an increase of \$841,802 in general revenue for an anticipated increase in elderly transportation. These funds support non-emergency transportation. As gas tax revenue begins to decrease, the contract for non-emergency services have grown. These additional funds are sourced from the old gas tax revenue that was not spent or transferred to OHA. These funds supplement the deficit created by the loss of gas tax revenue.

OHIC Rate Review

\$572,545

The Budget includes \$572,545 to accommodate the new rates as suggested by the Office of the Health Insurance Commissioner (OHIC). The rate changes affect OHA's at-home supports, including case management, adult day care, and in-home services.

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. The funding change includes \$737,927 in federal funds as well.

Senior Center Additional Funding

\$200,000

The Budget includes a \$200,000 increase in general revenue to support senior center funding, growing from \$1.2 million to \$1.4 million under the Governor's recommendation. As Rhode Island's population continues to grow, the supportive programs that ensure older individuals remain connected and engaged in the community must follow. Numerous agencies across Rhode Island are awarded funds to provide services for older adults living in the community. These funds, which are appropriated to senior/ community centers, support services such as meals, transportation, respite care, well ness and health programming staffing, operations, and the Long-Term Care Ombudsman. These funds serve as the State maintenance of effort (MOE) for the Title III/ Title VII grants from the UN Health and Human Services (HHS) Administration for Community Living.

Congregate Meals (federal funds)

\$515,743

The Budget includes \$515,743 in federal funds to support congregate meals in the community. The Office supports nearly 70 community table locations, connecting Rhode Island's aging population with supportive services and other aging individuals within their community. Congregate meal programs also ensure that elderly individuals have access to nutritious meals that they may be unable to prepare themselves. These funds support meals served at community centers, as well as, subcontract with catering to provide meals at discounted rates.

Social Services Block Grant (federal funds)

\$400,000

The Budget includes a \$400,000 increase in federal funds to account for an increase in the Social Services Block grant. OHA has experience a significant increase in reports of elder abuse, neglect, and self-neglect, therefore overwhelming the Division of adult protective services and case management services. When compiling the FY2024 budget, OHA identified \$250,000 in funds to be distributed to community agencies to mitigate elder abuse. OHA expects \$200,000 of these funds to be spent in FY2024. The Office is anticipating an additional \$350,000 in funds from the SSBG grant and will reappropriates the \$50,000 in funds from the previous grant, totaling \$400,000 increase in funding for adult protective services.

Commodity Supplemental Food Program (federal funds) \$63,436

The Budget includes \$63,436 in federal funds to account for the annual Commodity Supplemental Food Program from USDA food and nutrition services. A majority of the award is directly allocated to the RI Community Food Bank; however, the Department received a portion for program administration.

Elder Justice Act (federal funds) \$42,260

The Budget includes \$42,260 in federal funds to account for the reauthorization of the Elder Justice Act. Although the Act was passed in 2010, Congress chose to reauthorize and modernize the Act to fund programs that prevent, investigate, and prosecute elder abuse, neglect, and exploitation.

HEALTH CARE ELIGIBILITY

Health Care Eligibility is responsible for determining Medicaid eligibility. This includes the determination of eligibility for medical benefits for certain low-income individuals and/or families with dependent children, and individuals who meet eligibility criteria within the following populations: RI Works participants; SSI participants; Children with Special Health Care Needs; children in foster care or subsisted adoption within the Department of Children, Youth, and Families; low income families; and aged, blind, or disabled individuals.

Health Care Eligibility	General Revenue
FY2024 Enacted	\$10,354,082
<i>Target and Other Adjustments</i>	
Turnover	(544,221)
Redetermination Postage	450,395
Deloitte Staffing PHE Unwinding	374,556
FY2025 Governor	\$10,634,812

Health Care Eligibility	Other Fund Changes
Turnover	(2,144,958)
Deloitte PHE Unwinding	1,242,883

Turnover (\$544,221)

The Budget includes a decrease of \$544,221 in general revenue and \$2.1 million in federal funds to account for anticipated turnover savings within the Office. The budget target includes a Department wide turnover estimate of 6.0 percent; however, the Budget places most of these savings in the Health Care Eligibility division and assumes 22.0 percent turnover savings throughout the entire Department. Despite these turnover estimates, the Budget includes 10.0 new eligibility technician FTE positions within the Division for work related to redetermination and enrollment in benefits offered by the State.

Redetermination Postage \$450,395

The Budget includes an increase of \$450,395 in general revenue to support postage for redetermination activities. After the FY2024 Budget was Enacted, the Executive Office of Health and Human Services determined that DHS would assume the responsibility of redetermination postage while EOHHS would be responsible for notice production.

The COVID-19 Public Health Emergency (PHE) ended on May 11, 2023, leading to the beginning of the unwinding period. During the COVID-19 PHE, the State, along with the nation, mobilized a historic response utilizing mass vaccination sites, lockdown orders, and continuous health coverage for those eligible or becoming eligible for Medicaid. Upon the cease of the PHE, Medicaid redetermination, the process of used to ensure that beneficiaries are still eligible for Medicaid, resumed after being paused for

the entirety of the PHE. To ensure that individuals were aware of the redetermination period, the State mobilized mass communication efforts in conjunction with Municipalities, community health agencies, and community centers. This 'redetermination postage' became eligible for reimbursement. The Unwinding period is expected to end in April, 2024.

During the Public Health Emergency (PHE), OHHS received enhanced Medicaid funding for printing notices only and increased revenue was included in the UHIP allocation. DHS updated the allocation for postage to match OHHS method using DHS funds only.

Deloitte Staffing PHE Unwinding

\$374,556

The Budget includes \$374,556 in general revenue, and \$1.2 million in federal funds to support contracted professionals, employed by Deloitte, to support PHE unwinding activities. The Department contracts out data processing activities to Deloitte to mitigate any adverse outcomes that may overwhelm the Department's Eligibility Technicians.

INDIVIDUAL AND FAMILY SUPPORT

The Division of Individual and Family Support (IFS), also referred to as the Division of Economic Support, operates the Department's economic benefits and work support programs, including the federal Supplemental Nutrition Assistance Program (SNAP), the Emergency Food Assistance Program, child care subsidies, the Rhode Island Works cash assistance program, Supplemental Security Income (SSI), and General Public Assistance (GPA).

The Division also provides services to individuals with disabilities, operating the Office of Rehabilitation Services (ORS), which includes the State's vocational rehabilitation program, services for the blind and visually impaired, and disability determination.

Individual and Family Support	General Revenue
FY2024 Enacted	\$47,213,539
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<i>Target and Other Adjustments</i>	<i>(64,197)</i>
General Revenue Shift to Block Grants	(1,751,533)
Income Verification Software	1,640,672
Overtime Reduction	(757,791)
Centralized Services (statewide adjustments)	(586,266)
SNAP Summer EBT	419,090
Call Center Workforce Stabilization	409,800
Communications Consolidation	(40,404)
FY2025 Governor	\$46,482,910

Individual and Family Support	Other Fund Changes
American Rescue Plan Act (ARPA) Fund Changes (federal funds)	(\$17,198,473)
LIHEAP (federal funds)	4,389,515
Refugee Social Services Program (federal funds)	2,500,000
Child Care Quality Earmarks (federal funds)	2,417,832
Family and Adult Services (federal funds)	956,771

General Revenue Shift to Block Grants

(\$1.8 million)

The Budget includes a decrease of \$1.8 million in general revenue to account for a shift in operating and personnel funds to the Temporary Assistance to Needy Families (TANF) Block grant and social services block grant, which supports administrative funding up to 15.0 percent. According to the Department, this

shift could jeopardize meeting the State’s Maintenance of Effort (MOE) of \$64.4 million and potentially decrease future TANF Block grants.

According to the May 2023 Caseload Estimating Conference testimony, the TANF Maintenance of Effort (MOE) is a requirement that a state must spend at least a specified amount of state funds for benefits and services for families in need each year. Federal law allows six types of expenditures to be counted towards MOE:

- Cash Assistance
- Child care assistance
- Educational activities designed to increase self sufficiency
- Administrative costs in connection with other allowable purposes
- Job training and work
- Any other use of funds reasonably calculated to accomplish a TANF purpose

These funds supported eligibility technician and social workers personnel costs. The consequences of not meeting the MOE are that the TANF grant will be reduced the following year on a dollar-for-dollar basis. In FY2023, the Department projects that \$67.0 million in State funds were spent to meet the MOE - \$2.6 million more than required. In FY2022, the Department spent a total of \$70.0 million and in FY2021 the Department spent a total of \$65.0 million to meet the MOE.

Income Verification Software ***\$1.6 million***

The Budget includes a \$1.6 million increase in general revenue to support the Department’s income verification software, otherwise known as The Work Number. The Work Number (TWN) is a software created by Equifax that quickly and accurately provides beneficiary income data. Currently, the Department 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. DHS currently uses a manual version of TWN for its human service programs, including non-Modified Adjusted Gross Income (non-MAGI) Medicaid. Medicaid is the only program that solely uses SWICA information.

Overtime Reduction ***(\$757,791)***

The Budget includes a reduction of \$757,791 in general revenue to account for a reduction in overtime expenditures. The reduction includes a \$364,823 decrease in SNAP administration, a \$292,000 decrease in TANF administration, and a \$100,968 decrease across the remaining programs within the Division.

SNAP Summer EBT ***\$419,090***

The Budget includes \$419,090 in general revenue to support Summer SNAP EBT, which the Department received approval to participate from the United State Department of Agriculture (USDA) Food and Nutrition Services (FNS) in May 2023. Summer SNAP provides benefits to families with school aged children who are eligible for free or reduced lunch. While the federal government will cover 100.0% of the cost of benefits, States must fund at least 50.0 percent of administrative costs for the program. The State expects a \$10.2 million federal fund increase for the SNAP Summer benefits program.

Call Center Workforce Stabilization ***\$409,800***

The Budget includes \$409,800 in general revenue and increase the Department’s FTE cap by 10.0 FTE positions to support the Division’s call center and workforce. Currently the DHS call center employs 40.0 FTEs. These funds would allow the Department to hire 10.0 new FTEs for a total of 50.0 FTEs. According to the Department is experiencing high call volume and high wait times of about 1 hour. The additional 10.0 FTEs include; 1.0 Senior Eligibility Technician, 1.0 Eligibility Technician III, 4.0 Eligibility Technician II, and 4.0 Eligibility Technician I. Additional FTEs will create a more ensure equity as there

would be increased diversity, as well as shortened wait times allowing every Rhode Island resident in need to receive support from the call center.

Communications Consolidation **(\$40,404)**

The Budget includes a decrease of \$40,404 to transfer 0.47 public information officers (PIO) to EOHHS, which was outlined in statute. The transfer would better interagency communication between EOHHS and other HHS agencies, especially for goals that align with other state agencies (overdose prevention, HCBS, strengthening the healthcare workforce). This would also enable the communications teams to develop communications dashboards to track outcomes relating to paid media, activity with social media accounts, E-newsletter metrics, sponsored community events, etc. Agency wide, this budget item results in a \$102,747 in savings, with decreases in Central Management, and Health Care Eligibility (HCE).

American Rescue Plan Act (ARPA) Fund Changes (federal funds) **(\$17.2 million)**

The Budget includes a net change of \$17.2 million in ARPA deferral awards. Throughout the pandemic, Congress appropriated funding to help the State maintain and support its entire population. As the public health emergency winds down and redetermination activities cease, ARPA funding will no longer be available to the States. The largest reduction is \$16.7 million less in SFRF funding for child care retention bonuses. The table below illustrates APRA SFRF and Direct changes in funding.

American Rescue Plan Act Fund Changes	FY2024	FY2025	Change to Enacted	
	Enacted	Recommended		
ARP SFRF: Child Care Investment: Retention Bonuses	\$16,717,000	-	(\$16,717,000)	-100.0%
ARP DIRECT: Child Care Stabilization Grants	(960,132)	-	960,132	-100.0%
ARP DIRECT: Family Violence and Prevention	600,000	-	(600,000)	-100.0%
ARP DIRECT: Child Care and Development Block Grant	453,674	-	(453,674)	-100.0%
ARP DIRECT: Low Income Household Water Assistance Program	402,486	-	(402,486)	-100.0%
ARP DIRECT: Sexual Assault Services	350,000	522,000	172,000	49.1%
ARP DIRECT: Supplemental Nutrition Assistance Program (SNAP) 3-year State Administrative Expense Grants	349,945	-	(349,945)	-100.0%
ARP DIRECT: SNAP 3-year State Administrative Expense Grants- UHIP	157,500	-	(157,500)	-100.0%
ARP DIRECT: FVPSA and DV Shelter and Supportive Services	-	350,000	350,000	100.0%
Total	\$18,070,473	872,000	(\$17,198,473)	-95.2%

LIHEAP (federal funds) **\$4.4 million**

The Budget includes an increase of \$4.4 million (\$32.7 million total) in federal funds to reflect a one-time appropriation for low-income energy, heating, and weatherization assistance. Rhode Island's Low-Income Home Energy Assistance Program (LIHEAP) helps low-income residents by providing assistance that offset the costs of home energy.

Refugee Social Services Program (federal funds) **\$2.5 million**

The Budget includes \$2.5 million in federal funds to support refugee social services. These funds support resettlement activities such as case management, employment services, cash and legal assistance, and youth mentoring. These funds are distributed to two resettlement organizations – Dorcas International Institute and Catholic Social Services – as well as RIDOH, Providence Public Schools, and the Refugee Dream Center.

Child Care Quality Earmarks (federal funds) **\$2.4 million**

The Budget includes \$2.4 million in federal funds to account for additional funding sourced from the child care quality earmark. This is an entirely new funding source, meant to enhance quality programs that are already started with the child care development block grant. These funds cannot be counted towards meeting the “not less than 4%” quality expenditure requirement, as required by the CCDBG.

Family and Adult Services (federal funds) \$956,771

The Budget includes a federal funds increase of \$956,771 for family and adult services. According to the Department, this increase is driven by a one-time allotment of the social and human services block grant and will be used to spend down carry forward funds. These funds will help support the Office of Healthy Aging’s elder abuse programs, increase support for migrant legal services, and IT investments for the Customer Portal for community agencies.

RHODE ISLAND WORKS/CHILD CARE

Rhode Island Works provides cash assistance and employment support services, including child care assistance, to enable working parents with children to support their families. Applicants may have up to \$5,000 in resources (excluding a home) and one vehicle per adult. Rhode Island Works (RIGL 40-5.2-5) replaced the Family Independence Program in 2008. This program is funded through the federal Temporary Assistance to Needy Families (TANF) program.

The FY2023 Budget as Enacted amended the payment standard for families receiving cash assistance through the RI Works program. The increase in payments brought the monthly benefit to about 185.0 percent of the federal poverty guideline.

Prior to FY2022, beneficiaries were not allowed to receive cash assistance for more than 24 months (consecutive or not) within 60 continuous months. Article 13 of the FY2020 Budget as Enacted eliminated this constraint. Article 13 of the FY2023 Budget as Enacted extended the lifetime limit to 60 months to align with a majority of the country. The lifetime limit includes Temporary Assistance for Needy Families (TANF) cash assistance paid to the beneficiary in other states. Cash assistance provided to a child will not be counted toward their lifetime limit should they need to apply for benefits as adults.

The FY2022 Budget as Enacted amended the RI Works program to include children who are over 18 and still in high school, and amended the Income section of the RI Works program, such that the first six months of earned income received by a RI Works member, in compliance with their employment plan, shall be excluded from the family’s income as it pertains to receiving cash assistance.

The FY2023 Budget as Enacted expanded child care supports to include families, at or below 200.0 percent of the Federal Poverty Level, with parents enrolled at a Rhode Island institution of higher education or in a qualified training program.

The FY2023 Budget as Enacted also expanded the work requirements and now allows RI Works recipients to participate in continuing education programs or vocational training at a Rhode Island institution for up to 24 months while still receiving cash assistance, provided that they successfully completed the first 12 months.

Rhode Island Works/ Child Care	General Revenue
FY2024 Enacted	\$10,186,745
<i>Target and Other Adjustments</i>	
November CEC	(46,843)
FY2025 Governor	\$10,139,902

Rhode Island Works/ Child Care	Other Fund Changes
ARP DIRECT: Child Care and Development Block Grant (CCAP) (federal funds)	(\$11,182,072)
November CEC - Child Care Assistance Program (CCAP) (federal funds)	\$8,188,915
November CEC - RIWorks (federal funds)	\$1,518,120

November CEC**(\$46,843)**

The Budget includes \$4.8 million in general revenue for child care assistance in FY2025 as determined in the November 2023 Caseload Estimating Conference (CEC), a decrease of \$46,843 from FY2024 Enacted levels. The November 2023 CEC assumed a decrease of 376 child care subsidies, the cost per subsidy increased by \$150 compared to the FY2024 Budget as Enacted, to \$10,800. There is a corresponding federal funds increase of \$8.1 million.

The FY2024 Budget as Enacted included 6,776 subsidies and a cost per subsidy of \$10,650. The November 2023 Caseload Estimating Conference increased the number of subsidies in FY2025 to 6,400 while increasing the cost per subsidy to \$10,800. The November Conference assumed that enrollment would begin to decrease throughout FY2024 due to the consistent reports regarding workforce shortages from child care facilities, as well as reports of high wait times and excessive waitlists from facilities and families. The FY2024 Governor's Budget maintains the number of subsidies and annual costs at 6,400 and 10,800, respectively.

ARP DIRECT: Child Care and Development Block Grant – CCAP (federal funds)**(\$11.2 million)**

The Budget includes a decrease of \$11.2 million in federal funds to account for a decrease in American Rescue Plan Act (ARPA) funding. These funds were originally used for child care subsidies, otherwise known as CCAP funding per child.

Caseload Estimating Conference - RI Works Changes (federal funds)**\$1.5 million**

The Budget includes an increase of \$1.5 million in federal funds within the RI Works program as a result of the November 2023 Caseload Estimating Conference (CEC). The November 2023 CEC adopted a RI Works caseload estimate of 8,975 at a monthly cost of \$234 per person. The FY2024 Governor's Budget makes no changes to the CEC estimates. The total federal fund cost of the RI Works program in FY2025 is \$27.5 million, an increase of \$1.5 million from the FY2024 Enacted level. The RI Works program is primarily funded through the federal Temporary Assistance to Needy Families (TANF) grant.

This increase is inclusive of a \$15.1 million increase in federal funds to offset changes in the ARPA Child Care Development Block Grant and align with other changes made during the Caseload Estimating Conference. As ARPA funding sources begin to end, the Department will need to utilize other funding sources to align with the CEC.

STATE FUNDED PROGRAMS

State Funded Programs incorporates two different programs, General Public Assistance (GPA) and the Supplemental Nutrition Assistance Program (SNAP); however, only one of these programs is state-funded.

GPA is a state-funded program (RIGL 40-6-3) that provides basic cash assistance to adults between the ages of 19 and 64, with very limited income and resources, who have an illness, injury, or medical condition that is expected to last 30 days or more and prevents them from working. GPA also includes the hardship contingency fund, intended as the benefit of last resort for Rhode Islanders who do not qualify for Rhode Island Works or SSI. This benefit and funding level are directed by statute and does not typically fluctuate from year to year.

SNAP, or "food stamps", is a federal nutrition program that provides food assistance to low-income households. SNAP benefits (\$250.0 million in FY2021) are fully federally funded. SNAP's benefit disbursements are budgeted within this program; however, administrative responsibility of SNAP, as well as corresponding budgetary resources, are maintained by the Individual and Family Support program.

State Funded Programs	General Revenue
FY2024 Enacted	\$11,935,456
<i>Target and Other Adjustments</i>	
SNAP Retail Incentive Pilot	(10,000,000)
November CEC	508,968
FY2025 Governor	\$2,444,424

State Funded Programs	Other Fund Changes
Families First SNAP EBT Credit	(\$25,449,847)
Summer SNAP EBT Program	10,200,000
SNAP Benefits	5,880,000
Refugee Assistance - General Public Assistance	1,601,636

SNAP Retail Incentives Pilot **(\$10.0 million)**

The Budget includes a \$10.0 million decrease in federal funds to account for the end of funding towards the SNAP Eat Well Be Well incentive program.

The FY2023 Budget as Enacted appropriated \$11.5 million towards that Department’s SNAP Retail Incentive Pilot program, which provided additional bonus dollars in the form of a discount or rebate on fruits and vegetables purchased by a SNAP recipient to encourage purchasing and consuming healthy fruits and vegetables. SNAP recipients received fifty cents (\$0.50) for every one dollar (\$1.00) spent on fruits and vegetables. This program took effect on January 1, 2023, and will continue until all funds are expended.

SNAP is a vital to safeguarding food security throughout Rhode Island with approximately 1 in 7 Rhode Island households receiving SNAP Benefits in 2019. According to the Department, the average family of four receives \$425 a month. According to the Department, while these funds help ease food insecurity throughout the State, they are not enough to secure a nutritious and well-balanced diet. This program aims to lessen the burden of Rhode Island’s low-income households by providing an enhanced 50.0 percent reimbursement for every dollar spent on fruits and vegetables.

The Eat Well Be Well initiative was passed by the 2022 General Assembly; however, it was unable to secure a vendor in time for FY2023, therefore funds were reallocated to FY2024 Enacted. The Program officially launched on 1/23/2024.

Caseload Estimating Conference—General Public Assistance (GPA) **\$508,968**

Estimators at the November 2023 Caseload Estimating Conference (CEC) projected that, in FY2025, 826 people would receive general public assistance (GPA) at a monthly cost of \$177.00 per person. Expenditures for monthly cash payments, indigent burials, and the GPA hardship contingency fund are projected to be \$1.8 million in FY2025, a \$508,968 general revenue increase from FY2024 enacted levels.

Families First: Enhanced EBT for SNAP (federal funds) **(\$25.4 million)**

The Budget includes a decrease of \$25.4 million in federal funds which supported enhanced SNAP benefits for SNAP recipients. In March of 2020, the Families First Coronavirus Response Act gave the U.S. Department of Agriculture (USDA) the authority to temporarily modify procedures to increase access to SNAP benefits to families who struggle during the pandemic. According to Federal Rule, these funds can be used to provide benefits to households with school aged children who receive free and reduced-price meals at school through the National School Lunch Program. The end of the public health emergency stopped pandemic electronic benefits transfers (P-EBT), however benefits were extended to school aged children and children under aged six who were eligible for free and reduced lunch through the Summer months of calendar year 2023. These benefits have ceased completely; however, the Department recently enrolled in a Summer SNAP program to offset any adverse effects of ending these benefits

Summer SNAP EBT Program**\$10.2 million**

The Budget includes an increase of \$10.2 million in federal funds to support the Summer SNAP EBT Program. In May 2023, the Department was approved by the U.S. Department of Agriculture (USDA) Food and Nutrition Services (FNS) to participate in Summer SNAP, which provides a lump sum of \$120 per eligible school aged child for the months of July and August. Summer SNAP is intended to aid families in purchasing nutritious meals while children are not in school. Only children who receive free or reduced lunch and are school- aged are eligible for Summer SNAP, unlike the pandemic SNAP program where children under the age of 6 were also eligible.

SNAP Benefits (federal funds)**\$5.8 million**

The FY2024 Budget includes \$349.4 million in federal funds for SNAP benefits, an increase of \$5.8 million from the FY2024 Budget as Enacted. This increase is primarily attributable to the anticipated COLAs for beneficiaries.

Refugee Assistance – General Public Assistance (federal funds)**\$1.6 million**

The Budget includes \$1.6 million in federal funds to support the Refugee Cash Assistance Program. The program provides cash benefits to refugee adults without children, and the increase in federal funding is attributable to an increase in federal support as well as increased numbers of refugees coming to Rhode Island.

SUPPLEMENTAL SECURITY INCOME

The Supplemental Security Income (SSI) program is a federal income support program that provides basic cash assistance to individuals aged 65 or older, and to adults and children with serious disabilities. Individuals eligible for SSI are also eligible for Medical Assistance (Medicaid) and SNAP (food stamps). Like all but four states (Arizona, North Dakota, Mississippi, West Virginia), Rhode Island pays beneficiaries a state supplement to the SSI benefit (RIGL 40-6-27).

The federal government, through the Social Security Administration, pays a basic benefit to SSI recipients. The actual monthly benefit depends on the recipient's income; generally, the more income an individual earns, the lower the monthly benefit. Like most states, Rhode Island provides a supplemental state-funded payment to each recipient of the federal payment. The State also makes a state-only payment to some individuals who exceed the federal income eligibility requirements.

The total payment (state and federal) is set at a specific level and is recalculated each year as the federal benefit is adjusted so that the benefit keeps pace with inflation. As of January 1, 2020, the federal SSI payment was increased 1.6 percent based on the cost of living adjustment (COLA) calculated by the Bureau of Labor and Statistics. The state portion of the SSI payment remained the same at \$39.92 for individuals and \$79.38 for couples. Currently, the maximum federal monthly payment is \$914.00 for an individual and \$1,371.00 for a couple.

For SSI recipients in an assisted living residence, a majority of the payment goes to the facility and the resident retains up to \$20.00 of the payment as a personal needs allowance.

In order to be eligible for SSI, an individual must be age 65 or older, blind, or disabled. For the purposes of determining eligibility for SSI, "disabled" means that an individual over the age of 18 has a medically determinable physical or mental impairment that results in an inability to perform any "substantial gainful activity" and that is either expected to result in death or to last for a year or more. For a child, it is a condition that results in "marked and severe functional limitations" and is expected to either result in death or to last for a year or more.

SSI-eligible individuals must also have "limited resources," defined as less than \$2,000 in resources for an individual or child, and less than \$3,000 in resources for a couple. Certain assets and resources are not

included in the resource calculation, including the individual's home, household goods and personal effects, burial plots, and a single vehicle.

Supplemental Security Income Program	General Revenue
FY2024 Enacted	\$17,095,200
<i>Target and Other Adjustments</i>	
November CEC	(574,200)
FY2025 Governor	\$16,521,000

November CEC **(\$574,200)**

The November 2023 Caseload Estimating Conference (CEC) adopted an SSI estimate of 31,000 persons at a monthly cost of \$44.30, and \$60,000 for transaction fees. This was a decrease of 900 persons and a decrease of \$0.50 per person relative to the FY2024 Budget as Enacted. The total general revenue cost of the SSI program in FY2024 is \$16.5 million, a decrease of \$574,200 from the FY2024 Enacted level.

VETERANS SERVICES

The Office of Veterans' Services, previously the Division of Veterans' Affairs, serves Rhode Island's veteran population of approximately 70,000. The program operates the Rhode Island Veterans Home, a state-run nursing facility in Bristol, Rhode Island, and the Veterans Cemetery in Exeter, Rhode Island.

Office of Veterans Services	General Revenue
FY2024 Enacted	\$34,617,133
<i>Target and Other Adjustments</i>	
Personnel Adjustments	(1,238,226)
Centralized Services (statewide adjustments)	(659,417)
Operating Supplies and Expenses	315,451
Contracted Services	150,701
FY2025 Governor	\$33,185,642

Office of Veterans Services	Other Fund Changes
Veterans Cemetary Capital Program (federal funds)	\$4,150,000
Veterans Home Collection Fund (restricted receipt)	(600,000)
Crypt Installation and Cemetary Expansion (RICAP)	(500,000)
Veterans Home Asset Protection (RICAP)	260,000

Personnel Adjustments **(\$1.2 million)**

The Budget includes a \$1.2 million decrease in general revenue to account for expected turnover on FY2025. Since the public health emergency (PHE), the office has experience significant turnover and instability among its workforce. A majority of turnover is located within the Vets Home, where there is an expected \$902,481 net decrease in personnel expenditures. The table below illustrates personnel expenditure changes by category.

Personnel Adjustments	FY2024	FY2025	<i>Change to Enacted</i>	
	Enacted	Recommended		
Salary	\$13,514,352	12,906,056	(\$608,296)	-4.5%
Benefits	4,276,141	4,242,590	(33,551)	-0.8%
FICA	972,162	927,196	(44,966)	-4.6%
Retiree Benefits	4,254,553	3,703,140	(551,413)	-13.0%
Total	\$23,017,208	21,778,982	(\$1,238,226)	-5.4%

Operating Supplies and Expenses**\$315,451**

The Budget includes a \$315,451 increase in operating expenses to account for an increased need in food and medical supplies. Based on the most recent actual expenditure data, the Veterans' Home requires increased funding for food and medical supplies. The expenditure change is primarily isolated in the miscellaneous and food categories.

Contracted Services**\$150,701**

The Budget includes an increase of \$150,701 in general revenue for contracted services in the event that the home is unable to fill openings. The fund increase is entirely isolated within the Vets Home. The Home has reported serious workforce deficiencies and staffing shortages since the start of the public health emergency, resulting in increased wait times for elderly veterans interested in living at the home. The Home's workforce shortages also result in the home operating below its residential capacity. As of February 16, 2024, the Vets Home has a total of 204 out of 246 FTE positions filled, and a resident census of 144 individuals.

Veterans Cemetery Capital Program (federal funds)**\$4.2 million**

The Budget includes \$4.2 million in federal funds which coincides with RICAP funding for the design and construction with six new columbarium walls to complete Phase II of the Office's Asset Protection improvement plan. More information about the project can be found in the *Capital Projects* section at the end of this report.

Veterans' Home Collections Fund (restricted receipts)**(\$600,000)**

The Budget includes a \$600,000 decrease in restricted receipts related to the Veterans' Home collections fund. This account is supported entirely through donations from outside sources. This fund is solely supported through the Home's maintenance fees with 20.0 percent of the fee's collected are allocated to this fund. The FY2024 revised budget accelerates spending in FY2024, therefore the FY2025 account cannot support the same budget. The Department forecasts around \$600,000 annually for this account.

Veterans' Home Maintenance Fees**Informational**

On June 19, 2020, the U.S. Department of Veterans' Affairs (VA) sent a letter to the RI Department of Human Services' Office of Veterans' Services (Office) alleging that beginning July 1, 2019, veterans at the RI Veterans' Home who have a service connected disability rating of 70.0 percent or more are being billed for Occupational Therapy (OT) and Physical Therapy (PT). The letter also alleged that Veterans were paying out-of-pocket expenses for services which should be covered under their care at the Veterans' Home.

The VA found the allegation regarding OT and PT to be unsubstantiated. However, the claim that Veterans are paying for out-of-pocket expenses was found to be substantiated. As of June 30, 2020, the Office has stopped collecting all maintenance fees as requested by the VA.

Pursuant to RIGL 30-24-10, the Office of Veterans' Services collects a maintenance fee from Veterans' Home residents that is equal to 80.0 percent of the resident's "net income" as defined under the law. Pursuant to federal law, the State may not collect additional fees from veterans for whom the VA pays the State home a prevailing wage to provide care. The VA pays a prevailing wage for residents with a service connected disability rating of 70.0 percent and over. From February 3, 2013, through June 30, 2020, the

Veterans’ Home was collecting maintenance fees from veterans with a service connect disability rating over 70.0 percent. In November 2020, the Office of Veterans Services (Office) received approval of their Corrective Action Plan from the Veterans Health Administration. The Plan outlines how they will refund maintenance fees that were collected from impacted veterans for whom the VA was paying a prevailing wage rate. According to the Corrective Action Plan, veterans who are eligible for a refund fall into three categories: current residents of the Veterans’ Home; eligible veterans who once resided at the Veterans’ Home but have since moved out; and deceased eligible veterans.

Since 2013, 53 veterans who are owed refunds totaling \$5.0 million have been impacted by this change.

As of February 2023, the Office has refunded 50 checks totaling \$4.6 million to current residents of the Veterans’ Home or their eligible next of kin. Refunds totaling \$355,836.16 for an additional 3 veterans are pending. All next of kin, Power of Attorney, or Executor/Executrix have been identified.

RI Vets Home	Amount	Veterans
Refunded:	\$4,871,433.04	51
Pending:	\$105,967.96	2
Total	\$4,977,401	53

**Source RI Veterans' Services*

Analyst Note: On March 15, 2021, the Office of Veterans’ Services received an updated Correction Action Plan which now requires the Office to reimburse veterans from whom maintenance fees were collected from 2010 – 2013. The previous Corrective Action Plan only required the Office to reimburse veterans from 2013 – 2020. The Office estimates they will need to reimburse an additional 17 veterans at a total cost of \$770,140. The Office does not anticipate the need to request additional funding for these reimbursements.

CAPITAL PROJECTS

The Budget includes \$1.1 million in Rhode Island Capital Plan (RICAP) funding for FY2024 and \$765,000 in FY2025. Projects include:

Crypt Installation and Cemetery Expansion: The Budget includes \$250,000 in RICAP funding in FY2024 for the expansion of the Veterans’ Cemetery as well as crypt installations, a decrease of \$500,000 from FY2024. This funding will support the design phase of the expansion and installation.

Veterans’ Home Asset Protection: The Budget includes \$760,000 in RICAP funding in FY2025 for asset protection projects at the RI Veterans’ Home, an increase of \$260,000 from FY2024 Enacted. This funding is intended to extend the useful life of the facility by addressing problems as they arise.

Blind Vending Facilities: The Budget includes \$165,000 in FY2025 for blind vending facilities. This funding supports the ongoing construction and renovation of vending facilities at buildings owned or rented by the State. There are currently 11 locations throughout the State that support six blind vendors who operate the facilities. This ongoing project provides employment opportunities for persons who are legally blind.

Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals

Expenditures by Program	FY2023	FY2024	FY2024	Change from		FY2025	Change from	
	Actual	Enacted	Governor	Enacted	Enacted	Governor	Enacted	Enacted
Central Management	\$4.0	\$3.2	\$4.6	\$1.4	44.8%	\$4.1	\$0.9	27.6%
Hospital and Community System Support	1.4	1.8	1.8	0.0	-1.2%	1.9	0.2	8.8%
Behavioral Healthcare Services	38.9	49.0	62.5	13.5	27.6%	46.7	(2.2)	-4.5%
Services for the Developmentally Disabled	377.2	469.1	497.4	28.3	6.0%	510.6	41.5	8.8%
Hospital and Community Rehabilitation Services	117.7	114.6	112.6	(2.1)	-1.8%	107.8	(6.8)	-5.9%
State of Rhode Island Psychiatric Hospital	21.2	35.2	35.3	0.1	0.1%	35.1	(0.1)	-0.2%
Total	\$560.3	\$672.8	\$714.1	\$41.2	6.1%	\$706.3	\$33.5	5.0%
Expenditures by Source								
General Revenue	\$261.6	\$310.9	\$322.7	\$11.8	3.8%	\$321.3	\$10.5	3.4%
Federal Funds	295.1	349.2	375.8	26.6	7.6%	371.6	22.4	6.4%
Restricted Receipts	3.2	12.3	15.1	2.7	22.2%	12.9	0.5	4.4%
Other Funds	0.5	0.4	0.5	0	17.4%	0.5	0	25.0%
Total	\$560.3	\$672.8	\$714.1	\$41.2	6.1%	\$706.3	\$33.5	5.0%
Authorized FTE Levels	1,200.4	1,202.4	1,204.4	2.0	0.2%	1,203.4	1.0	0.1%

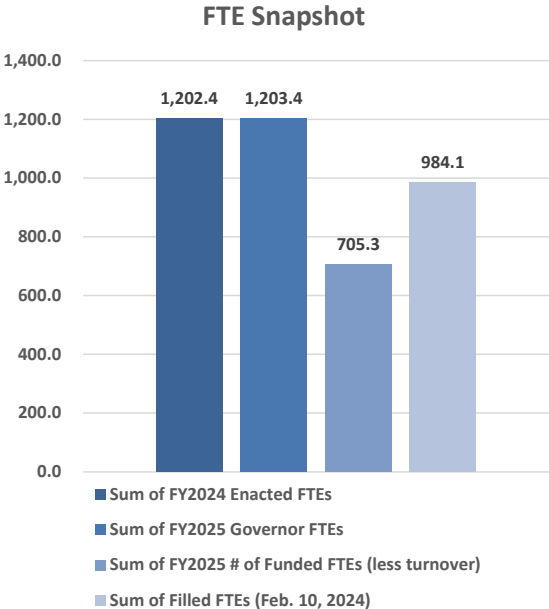
\$ in millions. Totals may vary due to rounding.

The Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) provides a comprehensive system of care for individuals with mental or physical illnesses, developmental disabilities, and substance use disorders. BHDDH administers a coordinated system of mental health promotion and substance abuse prevention through contracted, community-based and direct services at the Eleanor Slater Hospital, the newly established Rhode Island State Psychiatric Hospital, and the Rhode Island Community and Living Supports (RICLAS) facilities.

MAJOR ISSUES AND TRENDS

The Budget includes \$706.3 million from all funds for BHDDH in FY2025, an increase of \$33.5 million or 5.0 percent as compared to the FY2024 Budget as Enacted. This includes an increase of \$10.5 million, or 3.4 percent in general revenues, bringing total general revenue funding for FY2025 to \$321.3 million. The increase is primarily driven by funding increases to the Services for the Developmentally Disabled program following the November 2023 Caseload Estimating Conference. The Budget includes \$371.6 million in federal funds, an increase of \$22.4 million (6.4 percent). The Budget includes \$12.9 million in restricted receipts, an increase of \$538,319 (4.4 percent). The Budget includes \$473,528 million to fund existing Rhode Island Capital Plan projects.

The Budget authorizes 1,204.4 FTE positions in FY2024 and 1,203.4 FTE positions in FY2025, increasing the Department’s authorization by 2.0 and 1.0 FTE positions, respectively. The FY2024 Revised increase represents 2.0 new FTE positions related to group home maintenance. The FY2025 Budget maintains the increase while also shifting 1.0 FTE to the Executive Office of Health and Human Services, resulting in a net increase of 1.0 FTE position (0.1 percent). As of February 10, 2024, there were 984.1 filled positions in the Department.



Analyst Note: Total funded FTEs in FY2025 appear low due to a shift in the Department's approach to budgeting Medicaid expenses. Total personnel funding as included in the Budget includes two new subprograms containing Medicaid Revenue credits for Eleanor Slater Hospital and State Operated Residential and Community Services. These credits result in personnel funding levels appearing lower than they actually are when approaching the Budget per category, as the credits are offset in other categories of the Budget. Although the Department does anticipate some continued hiring and retention difficulties within the hospitals, real funding levels are not expected to be below the number of filled FTE positions as the chart reflects.

Eleanor Slater Hospital

Eleanor Slater Hospital (ESH) provides long-term acute and post-acute hospital levels of care to forensic, psychiatric, and medical patients with complex needs. Currently, the ESH patient population is heavily dependent on court decisions, as the court decides when forensic patients require hospitalization and when a patient may be discharged.

Beginning in August of 2019, BHDDH oversight personnel found there was a possibility that Eleanor Slater Hospital was out of compliance with the Center for Medicare and Medicaid Services (CMS) Institute of Mental Disease (IMD) exclusion regulation. The regulations do not permit the State to bill Medicaid for patients aged 22-64 when the Hospital is in an IMD status, which occurs when the majority of patients have a primary diagnosis of mental illness. In addition, while ESH is licensed as a long-term care hospital, many patients were not receiving and did not need a hospital level of care. As a licensed hospital, the State cannot bill for hospital-level of care if a patient needs a lower level of care. Due to the IMD exclusion and the fact that the Hospital is licensed as a long-term care hospital, the State could not bill Medicaid for patient care beginning in September of 2019. Upon discovering that the State may be violating the IMD exclusion the State hired a law firm, in November 2019, to provide expertise to the State on CMS regulations

The State submitted a State Plan Amendment (SPA) to allow Eleanor Slater to resume billing for certain patients at the Hospital in May of 2020, and the application was approved by CMS on March 25, 2021, with an effective date of April 1, 2020. Patient counts determined that the state was not in an IMD status between April 1, 2020, and May 1, 2021. Subsequently, the State recouped some of the general revenue that supplemented the loss in federal funds in FY2020 and the beginning of FY2021.

The FY2023 Budget as Enacted approved a proposal for a separately licensed psychiatric hospital, funded entirely by general revenue. The separately licensed hospital is anticipated to bring patient counts at ESH back into compliance, allowing the State to once again resume billing Medicaid.

Status Update: The Rhode Island State Psychiatric Hospital (RISPH) was licensed in October of 2022 and began operations on November 1, 2022, two months ahead of the anticipated start date of January 1, 2023.

Zambarano Long-Term Acute Hospital: The FY2023 Budget as Enacted included \$108.2 million in Rhode Island Capital Plan funds, formally budgeted within the Department of Administration (DOA), to construct a new 110-bed, long-term care facility on the Zambarano campus of Eleanor Slater Hospital. The new footprint ensures that the State is in compliance with federal regulations and transforms the State's long-term acute care hospital into a newly constructed long-term care facility. The new Zambarano building would be licensed as a mixed-use facility for skilled nursing, custodial care, intermediate care, and traumatic brain injury. The FY2025 Budget adjusts total funding for the project down to \$107.1 million, including \$7.1 million in FY2025. Funding for the project stretches through FY2029.

Consent Decree

The State has been under a Consent Decree with the United States Department of Justice since 2014 for violating the Olmstead Decision of the Americans with Disabilities Act. The United States Department of Justice, focusing specifically on sheltered workshops, concluded that the State's services for individuals with developmental disabilities were not adequately integrated within the community. The State

subsequently entered into a Consent Decree, which requires BHDDH to foster more supportive and less isolated employment opportunities and day services for individuals with intellectual and developmental disabilities. Employment placements must be typical jobs that pay at least minimum wage and support employment for 20 hours or more per week. The Consent Decree requires funding to support a reformed system of care within the Division of Developmental Disabilities (DD) until FY2024.

In order to achieve compliance with the Consent Decree by FY2024, the State and the federal government have agreed to an action plan. The action plan requires the State to increase wages to Direct Support Professionals (DSPs) to \$20 an hour by FY2024. The State was also required to conduct a rate review process in FY2023, and to include the Developmental Disabilities program in the semi-annual Caseload Estimating Conference. The action plan also required the State to establish a transformation fund and a technology fund.

Consent Decree Update: The FY2023 Budget as Enacted included \$35.1 million all funds to increase the average DSP wage from \$15.75 to \$18.00 per hour. The FY2024 Budget as Enacted included funding to meet the final wage requirement of the consent decree and increase DSP wages further to \$20 per hour, as well as additional funding to increase DSP wages to an average of \$22 per hour following the findings of the required rate review report which was delivered to the Department in December 2022. The Department was included in the Caseload Estimating Conference beginning in November of 2021. The FY2025 Budget includes funding and language for the transformation and technology funds.

CENTRAL MANAGEMENT

The Office of the Director provides overall management and policy direction for the Department. The program oversees most functions within BHDDH. The program’s functions include Management and Administration, Legislative Affairs, Constituent Affairs, Advocacy, Hospital Appeals, Strategic Planning, Community and Provider Involvement, and Public Education. The program also centralizes emergency management, asset management, and capital projects, performance improvement, and funds development for the Department.

Central Management	General Revenue
FY2024 Enacted	\$2,445,310
<hr/>	
<i>Target and Other Adjustments</i>	<i>(61,818)</i>
Salary and Benefit Adjustments	724,789
Centralized Services (statewide adjustment)	(525,492)
ERP Maintenance and Operation Billings	197,280
FY2025 Governor	\$2,780,069

Salary and Benefit Adjustments \$724,789

The Budget increases salary and benefit expenditures in the Central Management program by \$724,789 to reflect changes to the agency’s Cost Allocation Plan (CAP). The Department experiences a large amount of cross-program work which was historically budgeted within a home program and reallocated through a private contractor. In an effort to more efficiently budget for where positions are typically reallocated, the FY2024 Budget shifted position expenses across programs to create a more accurate representation of what the likely end-of-year reallocation would be, resulting in a large general revenue decrease within Central Management. In practice, this change resulted in budget execution issues at the Department, and the FY2025 Budget returns to the traditional way of budgeting staff. This increase reflects this return.

ERP Maintenance and Operation Billings \$197,280

The Budget adds \$197,280 in general revenue to finance the maintenance and operations of the Enterprise Resource Planning (ERP) system beginning January 1, 2025. The costs are charged per employee to state agencies, and the Budget adjusts agency budgets by providing general revenues to cover these costs.

HOSPITAL AND COMMUNITY SYSTEM SUPPORT

The Hospital and Community System Support program provides financial management support for the entire Department, including the hospital and community patient care facilities. Operational areas within the program include Budget Development, Program Analysis, Business Services, Accounting, and Financial Control, Federal Grants, Contract Management, Revenue Collection, Billing and Accounts Receivable, Patient Resources and Benefits, Rate Setting, and Financial Reporting.

Hospital and Community System Support	General Revenue
FY2024 Enacted	\$1,260,208
<i>Target and Other Adjustments</i>	<i>(14,557)</i>
Group Home Maintenance (2.0 FTE positions)	282,014
Centralized Services (statewide adjustment)	(254,489)
Salary and Benefit Adjustments	190,466
FY2025 Governor	\$1,463,642

***Group Home Maintenance (2.0 FTE positions)* \$282,014**

The Budget increases general revenues by \$282,014 to support the addition of 2.0 FTE positions for personnel to oversee the maintenance and upkeep of the state-owned group home facilities within the Department's portfolio. Currently, these positions are assumed to be ineligible for any federal funding. The Department intends to explore alternative funding streams to offset the cost of these positions.

***Salary and Benefit Adjustments* \$190,466**

The Budget increases salary and benefit expenditures in the Hospital and Community System Support program by \$190,466 to reflect changes to the agency's Cost Allocation Plan (CAP). The Department experiences a large amount of cross-program work which was historically budgeted within a home program and reallocated through a private contractor. In an effort to more efficiently budget for where positions are typically reallocated, the FY2024 Budget shifted position expenses across programs to create a more accurate representation of what the likely end-of-year reallocation would be, resulting in a general revenue decrease within Central Management. In practice, this change resulted in budget execution issues at the Department, and the FY2025 Budget returns to the traditional way of budgeting staff. This increase reflects this return.

BEHAVIORAL HEALTHCARE SERVICES

The Division of Behavioral Healthcare Services is comprised of two subprograms: Integrated Mental Health Services, and Substance Use Disorder Treatment and Prevention Services. The Division plans, coordinates, and administers a comprehensive system of mental health promotion and substance use disorder prevention, intervention, and treatment activities. The program, primarily funded by federal grants, provides screening, early interventions, referrals, clinical treatment services, and recovery support activities. The program coordinates with other departments and agencies in the State, including the criminal justice system, public healthcare system, child welfare, education, and other allied human service entities.

Behavioral Healthcare Services	General Revenue
FY2024 Enacted	\$4,345,293
<i>Target and Other Adjustments</i>	
Behavioral Healthcare Time Tracking Adjustment	(176,888)
Centralized Services (statewide adjustment)	(132,861)
Youth Vaping JUUL Settlement	50,000
HHS Communications Consolidation	(12,985)
FY2025 Governor	\$4,118,531

Behavioral Healthcare Services	Other Funds Changes
Federal Fund Changes	(\$2,671,654)
Restricted Receipt Changes	(762,493)

Behavioral Healthcare Time Tracking Adjustment ***(\$176,888)***

The Budget decreases general revenues by \$176,888 to reflect estimated cost savings resulting from new time tracking. This adjustment shifts personnel expenses from general revenue into federal funds to account for expected Medicaid billing for eligible expenses resulting from the Behavioral Healthcare program’s ongoing reworking of time tracking within the program.

Youth Vaping JUUL Settlement ***\$50,000***

The Budget includes \$50,000 in general revenues from the JUUL Settlement to be allocated to support programs seeking to reduce teenage vaping in the State. The funding is part of the Office of Management and Budget’s Substance Use Program-Based Budgeting strategy within the Executive Office of Health and Human Services and includes a variety of programmatic focus areas including but not limited to decreasing availability of flavored vaping products, improving youth engagement in tobacco and substance use prevention programs, and reducing rates of e-cigarette or vaping use among youth.

HHS Communications Consolidation ***(\$12,985)***

The Budget includes a decrease of \$12,985 in general revenues related to the shifting of 1.0 FTE position into the Executive Office of Health and Human Services. The position transfer is part of an effort to standardize communications across the health and human services agencies. The transfer is spread across three programs within the Department and represents the transfer of 1.0 Administrator II, a total reduction of \$100,617 in general revenue (\$179,158 all funds).

Federal Funds Changes ***(\$2.7 million)***

The Budget reduces federal funds by \$2.7 million as compared to the FY2024 Budget as Enacted for the following initiatives:

- **ARPA SFRF: 988 Hotline - \$2.7 million:** The Budget increases State Fiscal Recovery Funds (SFRF) by \$1.9 million for the 988 National Suicide Prevention Hotline. \$875,975 in federal Substance Abuse and Mental Health Services Administration grant funding is also included to provide additional support as the project continues to search for a permanent funding source, a net \$2.7 million increase in federal funding. The FY2023 Budget as Enacted included an appropriation of \$1.9 million in SFRF funds for this initiative. The FY2024 Budget as Enacted included an additional \$1.6 million as the project continued to search for a permanent funding source. The hotline has been operational since July 2022 and was implemented to ensure that Rhode Island maintain compliance with the National Suicide Hotline Designation Act of 2020 and the Federal Communications Commission adopted rules to assure that all citizens receive a consistent level of crisis behavioral health services.

Analyst Note: A delay in billing in FY2023 and ongoing system work have resulted in slightly varied costs each year for the project. The Department is currently working on a breakdown of costs, primarily

distributed between call center and IT system costs, in order to better understand the average annual costs and help inform what it is needed from a permanent funding source.

- **ARPA SFRF: Crisis Intervention Trainings – (\$1.7 million):** The Budget decreases federal State Fiscal Recovery Funds (SFRF) by \$1.7 million for the Crisis Intervention Trainings (CIT) program. CIT programs use a community-based approach to improve outcomes of mental health crises with the use of community partnerships, training, and identification of mental health resources. Project funding was initially \$550,000 per year from FY2024-FY2026. However, the FY2024 Budget as Enacted consolidated the appropriation to FY2024 to comply with the U.S. Treasury rules for obligation of SFRF funds. The FY2024 Budget included \$1.7 million to reflect this consolidation. No additional funding is included in FY2025, resulting in a decrease of \$1.7 million as compared to the FY2024 Budget as Enacted.
- **Federal Grant Changes – (\$1.5 million):** The Budget reduces a variety of federal funds by \$1.5 million within the Behavioral Healthcare Services program. The following table illustrates the various federal grant adjustments.

Federal Grant Adjustments	FY2023	FY2024	FY2024	Change from Enacted	FY2025	Change from Enacted
	Actual	Enacted	Governor's Revised		Governor	
ARPA: Substance Abuse Prevention & Treatment Block Grant	\$0.6	\$2.7	\$2.6	(\$0.1)	\$2.6	(\$0.1)
Block Grants for Community Mental Health Services	1.4	0.5	1.0	0.5	-	(0.5)
ARPA: Mental Health Block Grant	0.1	2.3	2.3	-	2.3	-
Substance Abuse Prevention and Treatment Block Grant	3.3	1.7	0.9	(0.8)	-	(1.7)
Title XX Social Services Block Grant	1.0	1.1	1.1	-	1.1	-
Substance Abuse Block Grant	5.6	7.0	7.0	0.0	7.0	0.0
Mental Health Block Grant	3.0	2.2	3.0	0.8	3.0	0.8
Total	\$15.1	\$17.5	\$18.0	\$0.5	\$16.1	(\$1.5)

- **Primary and Behavioral Healthcare Grant – (\$1.3 million):** The Budget decreases federal funds by \$1.3 million related to the federal Promoting Integration of Primary and Behavioral Health Grant. The grant, which promotes collaboration between primary and behavioral healthcare as well as supports integrated care models, expired on December 31, 2023.
- **State Opioid Response – (\$1.0 million):** The Budget decreases federal funds by \$1.0 million for the State Opioid Response (SOR) program. The SOR program aims to address the opioid crisis by increasing prevention, treatment, and recovery activities for substance use disorders. The FY2025 Budget includes \$6.7 million for these initiatives, a decrease of \$1.0 million as compared to the FY2024 Budget as Enacted. This reduction reflects the expiration of SOR funding from 2020.

Restricted Receipt Changes

\$762,493

The Budget includes a net \$762,493 decrease in restricted receipts funds for the following initiatives related to opioid abatement.

- **Opioid Stewardship Fund Allocation – (\$367,493):** The FY2025 Budget includes \$1.5 million in restricted receipts from the Opioid Stewardship Fund for opioid-related treatment services, reflecting a decrease of \$367,493 as compared to the FY2024 Budget as Enacted. The FY2020 Budget as Enacted established an annual, restricted, \$5.0 million Opioid Stewardship Fund requiring all licensed manufacturers, distributors, and wholesalers to contribute towards the fund through a registration fee. The FY2025 allocation for BHDDH is programmed as follows:
 - **Hope Initiative - \$232,461:** The Budget includes \$242,461 for the Hope Initiative in FY2025. This funding supports reporting of suspected overdose death information to the Department and community providers, case management and support services, Substance Use Disorder (SUD) treatment, Narcan distribution, and follow-up care.

- **Recovery Friendly Workplace - \$200,000:** The Budget includes \$200,000 in FY2025 to supplement the Recovery Friendly Workplace Initiative. The Initiative provides assistance to workplaces providing support to employees in recovery, as well as those impacted by substance use disorders.
- **Recovery Housing - \$600,000:** The Budget includes \$600,000 to support recovery and supportive housing for individuals with alcohol use disorder. Funds are provided to support core housing programs, including recovery housing and vouchers, for people with history of use disorders who are at risk of returning to use. This funding provides additional support to those with alcohol use disorders, as only those with opioid and stimulant use disorders are eligible to receive recovery housing funds from the State Opioid Response grant.
- **Regional Substance Abuse Prevention Task Force - \$500,000:** These funds represent the portion of the Opioid Stewardship Fund allocation which must be distributed equally to the seven Regional Substance Abuse Prevention Task Forces to fund priorities as determined by each Task Force.
- **Opioid Abatement Fund Allocation – (\$395,000):** The Budget decreases restricted receipts by \$395,000 receipts for the BHDDH allocation of the Statewide Opioid Abatement Account. In January 2022, Rhode Island joined the national opioid settlement with three major opioid distributors, providing funding for state and local efforts to address the state’s opioid crisis. Of these abatement funds, 20.0 percent are mandated to go directly to participating cities and towns, and 80.0 percent are mandated to be allocated by the Executive Office of Health and Human Services (EOHHS). All funds in the account are to be used solely for opioid abatement purposes, including opioid use disorder prevention, intervention, treatment, and recovery. FY2025 fund allocations are illustrated in the table below. FY2024 and FY2025 projects in the Department can be categorized into four pillars of activity: social determinants of health (SDOH), prevention, treatment, and recovery.

Pillar	Opioid Abatement Budget	FY2024 Enacted	FY2025 Recommended	Change to Enacted
SDOH	Basic Needs Provisions for High-Risk Clients	\$2,620,000	\$250,000	(\$2,370,000)
Treatment	Brick & Mortar Facility Investments	-	2,000,000	2,000,000
Recovery	Recovery Supports	-	250,000	250,000
Recovery	Recovery Housing	-	500,000	500,000
Prevention	Investment in School-Based Mental Health	1,375,000	1,200,000	(175,000)
Treatment	MAT Coverage for Undocumented and Uninsured	550,000	550,000	-
Treatment	SUD Residential & Workforce Supports	600,000	-	(600,000)
Totals		\$5,145,000	\$4,750,000	(\$395,000)

- **Basic Needs Provisions for High-Risk Clients – (\$2.4 million):** The Budget includes \$250,000 for basic needs provisions for high-risk clients and community members, a reduction of \$2.4 million as compared to the FY2024 Budget as Enacted. This funding is distributed to six community centers, a behavioral health triage center, the Rhode Island Outreach pilot program, and additional behavioral health support organizations, including those who work to certify all recovery houses in the state.
- **Brick & Mortar Facility Investments - \$2.0 million:** The Budget adds \$2.0 million in funding for brick and mortar facility investments to better support treatment on-demand. The funding is to provide increased residential beds in treatment facilities for both men and women.
- **Recovery Supports - \$250,000:** The Budget adds \$250,000 for recovery capital supports. This funding is allocated to community recovery centers to assist with distribution of recovery capital. Examples of recovery capital include gym memberships, transportation, self-help groups, employment services, and additional support resources.

- **Recovery Housing - \$500,000:** The Budget adds \$500,000 for recovery housing. The funding is intended to sustain FY2023 Stewardship funding for recovery housing for resident awards unable to be covered through the State Opioid Response grant.
- **Investment in School-Based Mental Health – (\$175,000):** The Budget includes \$1.2 million in funding for investment in school-based mental health, a decrease of \$175,000 as compared to the FY2024 Budget as Enacted. The continued funding will sustain youth prevention programming and continued recruitment of various counseling and supervisor positions for school-based mental health initiatives.
- **MAT Coverage for Undocumented and Uninsured – no change:** The Budget maintains \$500,000 in funding for Medication-Assisted Treatment (MAT) coverage for individuals who are uninsured and/or undocumented.
- **SUD Residential & Workforce Supports– (\$600,000):** The Budget includes no additional funding for Substance-Use Disorder (SUD) residential and workforce supports, a decrease of \$600,000 as compared to the FY2024 Budget as Enacted. Funding in FY2024 assisted with planning a Behavioral Healthcare Stimulant Conference to address the uptick in stimulant-related overdoses, as well as support for marriage and family therapists in SUD facilities.

SERVICES FOR THE DEVELOPMENTALLY DISABLED

The Division of Developmental Disabilities (DD) supports a statewide network of programs for adults with developmental disabilities. These supports include several levels of residential care, community placements, day programs, and respite programs. The program works to provide access to appropriate services in the least restrictive environment possible. The program manages a population that ranges from those previously institutionalized at the Ladd School, before the closure of the facility in 1994, to those with mild functional disabilities in need of daytime supports and vocational training to function within the community.

The program serves approximately 4,300 through State-run programs and community-based providers, including those who receive case management services. The system consists of 24-hour, nursing-level facilities; the State group home system, otherwise known as Rhode Island Community Living and Supports (RICLAS); and a private residential provider network. As of January 2024, 1,513 individuals were served in residential placements, including 427 in Shared Living Arrangements. DD clients are also served through day programs, supportive employment, and programs that provide support to allow individuals to continue living with their families. Many clients are served by more than one program.

As required by the Consent Decree and RIGL 35-17-1, Services for the Developmentally Disabled were included in the Caseload Estimating Conference for the first time in November 2021.

The Budget includes \$510.6 million from all funds for the Division in FY2025, including \$225.8 million from general revenue. This is \$18.2 million more in general revenue than the FY2024 Budget as Enacted and \$68.9 million more than actual general revenue expenditures in FY2023.

Services for the Developmentally Disabled	General Revenue
FY2024 Enacted	\$207,551,352
<i>Target and Other Adjustments</i>	<i>(511,853)</i>
November 2023 Caseload Estimating Conference	17,819,694
Centralized Services (statewide adjustment)	756,363
Conflict Free Case Management	103,696
OHIC Rate Review	91,993
HHS Communications Consolidation	(25,645)
FY2025 Governor	\$225,785,600

November 2023 Caseload Estimating Conference \$17.8 million

Each November and May, the Caseload Estimating Conference (CEC) estimates expenditures for human services and medical entitlement programs for the current and budget years. These adopted expenditure levels determine the appropriations for the Governor’s and Enacted Budgets. The November 2023 CEC projected general revenue expenditures of \$203.7 million in the Services for the Developmentally Disabled program, or \$17.8 million more than the FY2024 Budget as Enacted. This increase captures continued expenditure growth in Residential and Community Based Services, including a new support services expansion.

Conflict Free Case Management \$103,696

The Budget includes \$103,696 in general revenues (\$1.1 million all funds) for the development and implementation of a Conflict Free Case Management system within the Services for the Developmental Disabilities program. This increase includes \$74,196 in general revenues (\$741,960 all funds) to fund a contract to develop a DD case management information system, as well as \$29,500 in general revenues (\$324,500 all funds) for other costs related to this implementation.

OHIC Rate Review \$91,993

The Budget includes an increase of \$91,993 in general revenues (\$209,027 all funds) to implement the new rates for home health services following the Office of the Health Insurance Commissioner’s rate review. This increase represents 33.0 percent of the total proposed increase, which is intended to be staggered over three years. The total impact over all three years of the implementation is estimated by the Department to be \$380,978 in general revenue (\$844,553 all funds).

HHS Communications Consolidation (\$25,645)

The Budget includes a decrease of \$25,645 in general revenues (\$55,343 all funds) related to the shifting of 1.0 FTE position into the Executive Office of Health and Human Services. The position transfer is part of an effort to standardize communications across the health and human services agencies. The transfer is spread across three programs within the Department and represents the transfer of 1.0 Administrator II, a total reduction of \$100,617 in general revenue (\$179,158 all funds).

HOSPITAL AND COMMUNITY REHABILITATIVE SERVICES

The Hospital and Community Rehabilitative Services program provides a continuum of treatment and residential options for psychiatric and developmentally disabled clients. The Hospital facilities are licensed by the Department of Health (DOH) and accredited by the national board for health care organizations, the Joint Commission on Accreditation of Healthcare Organizations (JCAHO). The Eleanor Slater Hospital (ESH) has two campuses, the Pastore Center in Cranston and the Zambarano Campus in Burrillville.

Hospital and Community Rehabilitative Services	General Revenue
FY2024 Enacted	\$60,067,815
<hr/>	
<i>Target and Other Adjustments</i>	<i>1,328,152</i>
Centralized Services (statewide adjustment)	(3,145,734)
Non-Medicaid Savings	(2,856,917)
Compliance and HLF Corrections	(2,577,874)
Medicaid Part D Savings	(708,564)
HHS Communications Consolidation	(61,987)
FY2025 Governor	\$52,044,891

Non-Medicaid Savings (\$2.9 million)

The Budget includes a general revenue reduction of \$2.9 million to shift an unused balance of one-time savings to restricted receipts to be used for non-Medicaid eligible expenses. The funds are intended to offset

other applicable expenses at Eleanor Slater Hospital (ESH) that would have otherwise been funded by general revenues.

Compliance and HLF Corrections **(\$2.6 million)**

The Budget includes a general revenue reduction of \$2.6 million (\$4.9 million all funds) to realign expenses related to the Eleanor Slater Hospital (ESH) Hospital Licensing Fee (HLF) which were inadvertently misallocated to other expenses.

Medicaid Part D Savings **(\$708,564)**

The Budget includes a general revenue reduction of \$708,564 to shift an unused balance of one-time savings to restricted receipts to be used for pharmacy expenses. The funds are intended to offset other applicable expenses at Eleanor Slater Hospital (ESH) that would have otherwise been funded by general revenues.

HHS Communications Consolidation **(\$61,987)**

The Budget includes a decrease of \$61,987 in general revenues (\$110,830 all funds) related to the shifting of 1.0 FTE position into the Executive Office of Health and Human Services. The position transfer is part of an effort to standardize communications across the health and human services agencies. The transfer is spread across three programs within the Department and represents the transfer of 1.0 Administrator II, a total reduction of \$100,617 in general revenue (\$179,158 all funds).

STATE OF RHODE ISLAND PSYCHIATRIC HOSPITAL

The State of Rhode Island Psychiatric Hospital (RISPH) is a newly established program within BHDDH for a separately-licensed facility on the Pastore Center in Cranston to treat individuals who need psychiatric care. The facility became licensed on October 25, 2022, and treats psychiatric and court-ordered forensic patients who have serious mental illnesses.

Rhode Island State Psychiatric Hospital	General Revenue
FY2024 Enacted	\$35,216,359
<i>Target and Other Adjustments</i>	<i>795,164</i>
Centralized Services (statewide adjustment)	(862,101)
Mental Health Workers	277,488
FY2025 Governor	\$35,149,422

Mental Health Workers **\$277,488**

The Budget includes \$277,488 in general revenues to provide funding for 3.0 Mental Health Workers at RISPH. The Mental Health Workers are intended to address gaps in nursing coverage and reduce overtime and agency staff utilization. Currently, the Hospital employs seven agency mental health workers and frequently runs with up to nine mental health workers on overtime. The funding increase does not increase the Department's FTE authorization but will instead provide funding for positions within the existing authorization.

CAPITAL PROJECTS

The Budget includes \$500,000 in Rhode Island Capital Plan (RICAP) funds within the Department for FY2025 and a total of \$2.2 million in RICAP funds from FY2024 through FY2029. In addition to the funding within the Department, the Budget includes \$7.1 million in FY2025 and a total of \$107.1 million from FY2024 through FY2029 within the Department of Administration. The funding is allocated to the following projects:

- **Zambarano Long-Term Care Facility:** The FY2023 Budget as Enacted included \$108.2 million in RICAP funds from FY2023 to FY2028 to construct a new 110-bed, long-term care facility on the Zambarano campus. The new building would be licensed as a mixed-use facility for skilled nursing,

custodial care, intermediate care, and traumatic brain injury. The FY2025 Budget adjusts the timeline to FY2024 through FY2029 and reduces total funding to \$107.1 million, including \$7.1 million in FY2025. This project is budgeted under the Department of Administration.

- **Group Home Consolidation:** The Budget includes \$28.4 million from FY2025 through post-FY2029 to repair and maintain state-owned group homes, including \$4.3 million in FY2025. This funding newly consolidates all BHDDH group home asset protection projects into one project in order to allow the Department to more efficiently manage the funds. This project is budgeted under the Department of Administration.

Analyst Note: A Governor's Budget Amendment dated March 11, 2024, shifts this program from the Department of Administration into the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals.

- **Developmental Disabilities Residential Support:** The Budget includes \$100,000 each in FY2024 and FY2025, as well as \$100,000 annually through FY2029, to finance capital equipment and furniture for individuals with developmental disabilities at state-owned facilities.
- **Hospital Equipment Asset Protection:** The Budget includes \$470,000 in FY2024 and \$500,000 in FY2025, as well as \$300,000 annually through FY2029 to finance the replacement of hospital equipment and hardware necessary for hospital operations and record maintenance.

Governor’s Commission on Disabilities

Expenditures By Program	FY2023	FY2024	FY2024	Change from		FY2025	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Governor's Commission on Disabilities	\$1.5	\$2.0	\$2.6	\$0.6	29.3%	\$1.7	(\$0.3)	-15.6%
Expenditures By Source								
General Revenue	\$1.2	\$1.5	\$2.1	\$0.6	39.0%	\$1.5	(\$0.0)	-1.3%
Federal Funds	0.3	0.4	0.4	(0.0)	-0.3%	0.1	(0.3)	(0.8)
Restricted Receipts	0.0	0.1	0.0	(0.0)	-29.0%	0.1	0.0	6.5%
Total	\$1.5	\$2.0	\$2.6	\$0.6	29.3%	\$1.7	(\$0.3)	-15.6%
Authorized FTE Levels	4.0	5.0	5.0	-	-	5.0	-	-

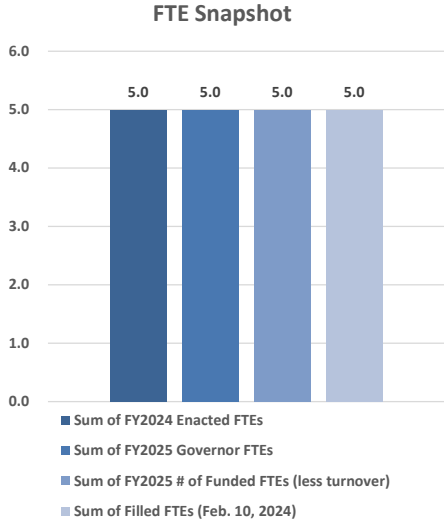
\$ in millions. Totals may vary due to rounding.

The Governor’s Commission on Disabilities advocates for individuals with disabilities, expands economic opportunities for businesses owned by or employing individuals with disabilities and their families, and ensures that individuals with disabilities have access to government. The Commission is responsible for coordinating compliance by state agencies with federal and state disability rights laws.

MAJOR ISSUES AND TRENDS

The FY2024 Revised Budget includes \$2.6 million in all funds, of which \$2.1 million is general revenue. This reflects a general revenue increase \$605,919, reflecting the reappropriation of \$555,750 from FY2023 into the current fiscal year. Offsetting the general revenue increase are decreases of \$17,475 in restricted receipts and \$701 in federal funds. The result is an all funds decrease of \$587,743 from the FY2024 Budget as Enacted.

For FY2025, the Budget includes \$1.7 million, of which \$1.5 million is general revenue. This reflects a general revenue decrease of \$13,983. In addition, there is a decrease of \$293,638 in federal funds and a \$4,408 increase in restricted receipts, resulting in an all funds decrease of \$303,213 from the FY2024 Budget as Enacted. The Budget Office anticipates issuing a budget amendment to correct the inadvertent mistake of not including a \$340,000 federal award in the FY2025 budget.



The Budget includes \$765,304 in general revenue for continued funding of the Livable Homes Modification Program.

The Budget includes 5.0 FTE positions in FY2024 and in FY2025, consistent with the enacted level.

Governor's Commission on Disabilities	General Revenue
FY2024 Enacted	\$1,542,951
<i>Target and Other Adjustments</i>	
	(13,983)
Livable Homes Modification Grants	<i>Informational</i>
FY2025 Governor	\$1,528,968
Other Fund Changes	
Independent Living Services (federal funds)	(\$378,638)
Independent Living Services - FFY2024 (federal funds)	\$85,000

Livable Homes Modification Grants

Informational

The Budget includes \$765,304 in general revenue for the Livable Home Modification grant program, reflecting a decrease of \$1,395 from the previous fiscal year.

The Governor’s Commission on Disabilities (GCD) has administered the Livable Home Modification grant program since January 2018. The grant program allocates funding for home modification projects to allow people to stay in their homes longer and decrease the length and frequency of nursing home stays. Improvements include bathroom modifications, wheelchair ramps, and stability rails, along with other home modifications. Since inception, the Commission has awarded and paid \$2.6 million for 947 awards.

Fiscal Year	# of Grants		Amount Paid
	Awarded	# Paid	
FY2018	49	27	\$86,304
FY2019	170	161	423,794
FY2020	162	165	451,517
FY2021	109	110	303,646
FY2022	203	159	404,622
FY2023	215	192	530,735
FY2024	162	133	421,125
Total	1070	947	\$2,621,743

*Source: Commission on Disabilities
FY2024 as of March 5, 2024*

The FY2022 Budget as Enacted codified the current Livable Home Modification Grant program (RIGL 42-51-13) with a hard grant amount of 50.0 percent of the modification cost. In addition, the FY2022 Budget as Enacted introduced proviso language requiring all unexpended or unencumbered funds be reappropriated to the ensuing fiscal year.

The Budget continues funding for the Livable Home Modification Grant Program and includes \$1.3 million in general revenue to support the Livable Home Modification Grant Program in the FY2024 Revised Budget. The program received an additional \$500,000 appropriation in FY2023 to cover a projected surge in post-pandemic applications for assistance. The FY2024 Revised Budget includes the reappropriation of \$555,750 from the previous fiscal year, as the FY2023 Budget as Enacted included proviso language requiring all unexpended or unencumbered funds be reappropriated to the ensuing fiscal year (FY2024).

RIGL 42-51-13, requires the Governor’s Commission on Disabilities to submit an annual report by August 15 of each year to the Governor, President of the senate, Speaker of the House, and to the Chairpersons of the Senate and House Finance Committees on the progress of the Livable Home Modification program

Approximately 96.0 percent of the appropriations will be used on grant awards in FY2024 and 94.0 percent is projected to be spent on grant awards in FY2025. The Commission tracks the project awards by the fiscal year in which they are awarded. The project and award are carried forward into succeeding fiscal years until the project is completed.

The following table illustrates the appropriation and expenditures of the program.

Livable Homes Modification	FY2022 Actual	FY2023 Actual	FY2024 Enacted	FY2024 Governor	FY2025 Governor	Change
Salary and Benefits	(\$4,379)	\$0	\$4,428	\$0	\$0	(\$4,428)
Contract Services	5,820	38,107	41,320	51,497	43,972	2,652
Operating Costs	80	3,965	3,678	2,197	4,059	381
Grants and Awards	459,038	506,292	717,273	1,273,023	717,273	-
Total	\$460,559	\$548,364	\$766,699	\$1,326,717	\$765,304	(\$1,395)

Independent Living Services (federal funds) (\$293,638)

The Budget includes \$85,000 in federal funds for the Independent Living Services for habilitative/rehabilitative services in the FY2025 Budget. As currently stated in the Budget, there are two separate line sequences regarding the federal funding of the Independent Living Services program. The Commission will now use separate line sequences for each Federal Fiscal Year award as it allows the agency to more easily track each award amounts. Two separate line sequences have recently been created for the Commission related to this program, with line sequence names ending in FFY2024 and FFY2025. When combined, the Budget illustrates a \$293,638 decrease in federal funds for the Independent Living Services program.

	FY2023	FY2024	FY2024		FY2025	
Independent Living Program	Actual	Enacted	Governor	Change	Governor	Change
Independent Living Services	\$320,336	\$378,638	\$122,937	(\$255,701)	\$0	(\$378,638)
Independent Living Services- FFY 2024	-	-	255,000	255,000	85,000	85,000
Total	\$320,336	\$378,638	\$377,937	(\$701)	\$85,000	(\$293,638)

The Budget includes a corresponding required state match of \$6,258 in general revenue for the Independent Living Services program.

The Independent Living Services program works to support community living and independence for people with disabilities. The Governor’s Commission on Disabilities expects to receive \$340,000 in federal funding in FY2025. This amount was inadvertently excluded in the Governor’s FY2025 Budget and a budget amendment is expected to correct this oversight.

The independent living programs are supported through funding authorized by the Rehabilitation Act of 1973, as amended (The Act). Title VII, Chapter 1 of the Act promotes independent living through consumer control, peer support, self-help, self-determination, equal access, and individual and system advocacy, in order to maximize the leadership, empowerment, independence, and productivity of individuals with disabilities, and the integration and full inclusion of individuals with disabilities into the mainstream of American society.

Analyst Note: The Governor’s Budget Amendment #4 dated March 11, 2024, adds \$255,000 in federal funds for a total recommended appropriation of \$340,000 in FY2025, which would result in a decrease of \$38,638 as compared to the FY2024 Budget as Enacted.

Commission on the Deaf and Hard of Hearing

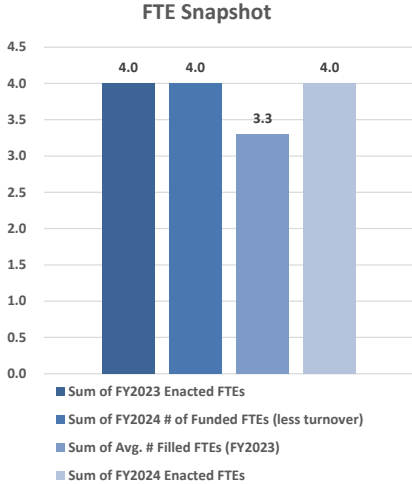
Expenditures by Program	FY2023 Actuals	FY2024 Enacted	FY2024 Governor	Change from Enacted		FY2025 Governor	Change from Enacted	
Central Management	\$874,945	\$868,675	\$893,222	\$24,547	2.8%	\$914,184	\$45,509	5.2%
General Revenue	\$738,909	\$764,208	\$766,497	\$2,289	0.3%	\$782,651	\$18,443	2.4%
Restricted Receipts	136,036	104,467	126,725	22,258	21.3%	131,533	27,066	25.9%
Total	\$874,945	\$868,675	\$893,222	\$24,547	2.8%	\$914,184	\$45,509	5.2%
Authorized FTE Levels	4.0	4.0	4.0	-	-	4.0	-	-

The Commission on the Deaf and Hard of Hearing (CDHH) advocates and coordinates the promotion of an environment in which deaf and hard of hearing persons in Rhode Island are afforded equal opportunity in all aspects of their lives. The CDHH develops policy and provides recommendations for programs and legislation that will enhance cooperation and coordination among agencies and organizations that currently serve, or have the potential to serve, the deaf and hard of hearing community.

MAJOR ISSUES AND TRENDS

The Budget includes total funding of 914,184, including \$782,651 from general revenue for FY2025. General revenue increases by 2.4 percent from the FY2024 Budget as Enacted. The increases in general revenue are primarily due to the statewide adjustments and increased funding for the Executive Director position.

The Budget authorizes 4.0 FTE positions in FY2025, consistent with the enacted budget.



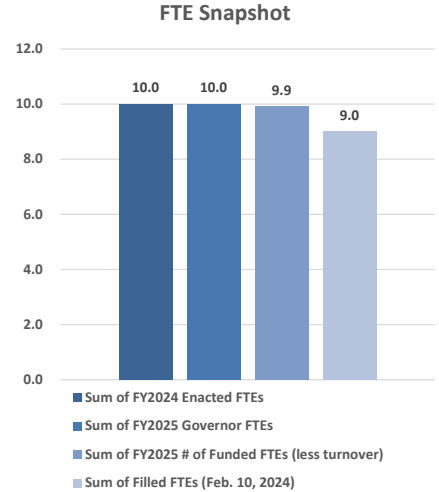
Commission on the Deaf and Hard of Hearing	General Revenue
FY2024 Enacted	\$764,208
Target and Other Adjustments	18,443
FY2025 Governor	\$782,651

Office of the Child Advocate

Expenditures by Program	FY2023 Actual	FY2024 Enacted	FY2024 Governor	Change from Enacted		FY2025 Governor	Change from Enacted	
Central Management	1,271,511	1,649,914	1,637,931	(\$11,983)	-0.7%	1,641,426	(\$8,488)	-0.5%
Total	\$1,271,511	\$1,649,914	\$1,637,931	(\$11,983)	-0.7%	\$1,641,426	(\$8,488)	-0.5%
Expenditures by Source								
General Revenue	1,259,569	1,649,914	1,625,931	(23,983)	-1.5%	1,641,426	(8,488)	-0.5%
Federal Funds	11,942	-	12,000	12,000	-	-	-	-
Total	1,271,511	1,649,914	1,637,931	(11,983)	-0.7%	\$1,641,426	(\$8,488)	-0.5%
Authorized FTE Levels	10.0	10.0	10.0	-	-	10.0	-	-

The Office of the Child Advocate (OCA) is mandated by statute to protect the legal, civil, and special rights of all children in the care of the Department of Children, Youth, and Families (DCYF). The Office strives to improve conditions and circumstances through monitoring, intervention, and advocacy. The Office reviews all youth residential programs, including the Rhode Island Training School, and oversees compliance of all DCYF-contracted providers. The General Assembly amended the Office’s statutory charge in both 2016 and 2019, further requiring the Child Advocate to investigate any child fatality or near fatality if:

- The child is involved with, or the child’s family previously received services from DCYF;
- The incident involves alleged abuse or neglect and the child’s family had prior contact with DCYF; or
- The child’s sibling, housing member, or daycare provider was the subject of a child abuse or neglect investigation within 12 months of the incident.



MAJOR ISSUES AND TRENDS

In January 2018, the State and DCYF settled a long-standing class action lawsuit. The lawsuit, initially filed in 2007, demanded systemic reforms to the State’s child welfare system and cited deficiencies throughout DCYF, including excessive caseworker assignments and an inappropriate residential service array. The settlement, known as the Children’s Rights Settlement, outlined a number of new screening and reporting requirements for DCYF. The OCA acts as the federal monitor to the settlement and oversees DCYF’s progress towards meeting the established benchmarks.

The Budget includes \$1.6 million in general revenues for the Office of the Child Advocate, a decrease of \$8,488 as compared to the FY2024 Budget as Enacted. This represents full financing for current operations and staffing authorizations. The Budget authorizes 10.0 FTE positions and fully funds 9.9 FTE positions. As of February 10, 2024, 9.0 positions are filled. Currently, the Assistant Child Advocate is occupying two roles, Assistant Child Advocate and Acting Child Advocate, following the resignation of the previous Child Advocate in July 2023. Interviews for a permanent Child Advocate are actively underway.

Office of the Child Advocate	General Revenue
FY2024 Enacted	\$1,649,914
Target and Other Adjustments	19,822
Centralized Services (Statewide Adjustment)	(28,310)
FY2025 Governor	\$1,641,426

Office of the Mental Health Advocate

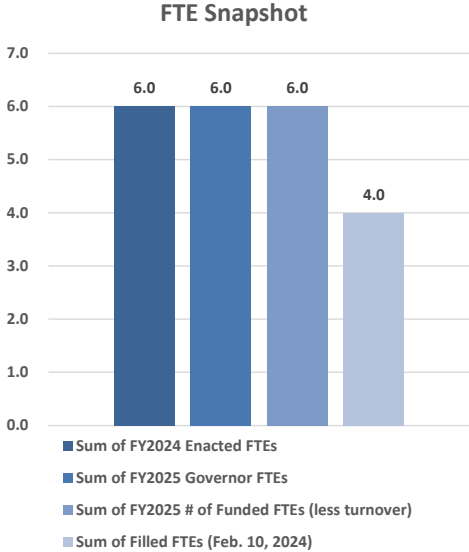
Expenditures by Program	FY2023 Actual	FY2024 Enacted	FY2024 Governor	Change from Enacted		FY2025 Governor	Change from Enacted	
Central Management	\$832,177	\$976,078	\$921,117	(\$54,961)	-5.6%	\$981,608	\$5,530	0.6%
Total	\$832,177	\$976,078	\$921,117	(\$54,961)	-5.6%	\$981,608	\$5,530	0.6%

Expenditures by Source	FY2023 Actual	FY2024 Enacted	FY2024 Governor	Change from Enacted		FY2025 Governor	Change from Enacted	
General Revenue	\$832,177	\$976,078	\$921,117	(\$54,961)	-5.6%	\$981,608	\$5,530	0.6%
Total	\$832,177	\$976,078	\$921,117	(\$54,961)	-5.6%	\$981,608	\$5,530	0.6%

Authorized FTE Levels	FY2023	FY2024	FY2025	Change		FY2025	Change	
	6.0	6.0	6.0	-	-	6.0	-	-

The Office of the Mental Health Advocate (OMHA) is statutorily mandated to protect the legal, civil, and special rights of people living with mental illness in Rhode Island. This includes providing legal representation at involuntary commitment proceedings, monitoring policies and procedures at inpatient treatment facilities and community-based health programs, proposing and evaluating legislation, and litigating civil and treatment rights disputes.

The Office also advocates for improvements in the mental health system by monitoring and evaluating the quality of services available to clients and combatting the stigmatization and discrimination associated with mental illness. The Office seeks to close gaps in the programs administered by mental health providers, including the shortcomings in services related to emergency hospitalizations, psychiatric care for prison inmates, and homelessness among individuals with chronic mental illness.



MAJOR ISSUES AND TRENDS

The FY2025 Budget includes \$981,608 from general revenues for the Office of the Mental Health Advocate. This represents a general revenue increase of \$5,530, or 0.6 percent, as compared to the FY2024 Budget as Enacted. The Office is funded entirely through general revenues.

The Budget authorizes and fully funds 6.0 FTEs in FY2025, consistent with the FY2024 authorization. As of February 10, 2024, the Office had 4.0 positions filled and 2.0 positions vacant. Currently, the Office has 1.0 vacant Social Worker position and 1.0 vacant Attorney position.

Office of the Mental Health Advocate	General Revenue
FY2024 Enacted	\$976,078
<i>Target and Other Adjustments</i>	<i>(14,171)</i>
Centralized Services Adjustment	(21,947)
Salary and Benefit Adjustments	19,701
FY2025 Governor	\$981,608

Salary and Benefit Adjustments \$19,701

The Budget increases general revenues by \$19,701 to provide salary increases to 2.0 positions within the Office. This increase includes \$9,485 for a Social Worker and \$10,216 for an Attorney. The pay increase for the Social Worker position is related to an existing vacancy for a Social Services Caseworker position

which was approved in the FY2023 Enacted Budget to support the operations of the Mental Health Court. Despite multiple postings, the position has attracted only one qualified candidate for an interview, and a job offer was ultimately not accepted. This increase is intended to help attract more qualified applicants to assist in filling the vacancy. Similarly, the increase for an Attorney is to assist with retention of attorneys in the Office given the higher rates of pay for comparable positions in other state agencies.

Analyst Note: A request was issued for increases of \$10,216 for three Attorney positions in the Office, as well as an increase of \$7,593 for an administrative position. The Governor's Budget includes the increase for only one Attorney. Of note, the increase applies to an existing Attorney position and not the 1.0 Attorney vacancy which the Office is currently trying to fill. In the previous round of hiring for an Attorney position at the Office, only three qualified applicants applied.

Elementary and Secondary Education

Expenditures By Program	FY2023	FY2024	FY2024	Change from		FY2025	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Administration of the Comprehensive Education Strategy	\$309.7	\$323.9	\$369.7	\$45.8	14.1%	\$323.0	(\$0.9)	-0.3%
Central Falls School District	49.0	60.3	59.6	(0.7)	-1.2%	53.5	(6.8)	-11.3%
Davies Career and Technical Center	23.2	33.3	35.6	2.2	6.7%	54.3	21.0	63.0%
Rhode Island School for the Deaf	9.3	9.8	10.0	0.2	2.0%	9.7	(0.1)	-1.0%
Metropolitan Career and Technical School	10.8	15.3	13.2	(2.1)	-13.5%	12.7	(2.6)	-16.8%
Education Aid	1,272.2	1,342.7	1,404.7	61.9	4.6%	1,270.1	(72.6)	-5.4%
School Construction Aid	138.5	104.2	104.2	-	0.0%	106.2	2.0	2.0%
Teacher Retirement	127.0	132.7	132.7	0.0	0.0%	132.3	(0.5)	-0.4%
Total	\$1,939.6	\$2,022.3	\$2,129.7	\$107.3	5.3%	\$1,961.8	(\$60.5)	-3.0%
Expenditures By Source								
General Revenue	\$1,436.7	\$1,496.4	\$1,496.7	\$0.4	0.0%	\$1,563.5	\$67.1	4.5%
Federal Funds	454.9	464.8	567.8	103.0	22.1%	312.3	(152.5)	-32.8%
Restricted Receipts	47.3	47.3	50.6	3.3	6.9%	53.0	5.7	12.0%
Other Funds	0.7	13.8	14.5	0.8	5.5%	33.0	19.3	139.7%
Total	\$1,939.6	\$2,022.3	\$2,129.7	\$107.3	5.3%	\$1,961.8	(\$60.5)	-3.0%
Authorized FTE Levels	326.1	334.1	334.1	8.0	2.5%	337.1	3.0	0.9%

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

The Rhode Island Department of Elementary and Secondary Education, under the leadership of the Board of Education, is responsible for a strategic plan defining goals and objectives for elementary and secondary education; preparation and presentation annually of an educational budget for the Department of Elementary and Secondary Education, subordinate boards and agencies, and State aid to local school districts; approval of the basic subjects and courses of study to be taught, and instructional standards required to be maintained in the public elementary and secondary schools of the State; and, adoption of standards and qualifications for the certification of teachers and provision for the issuance of certificates.

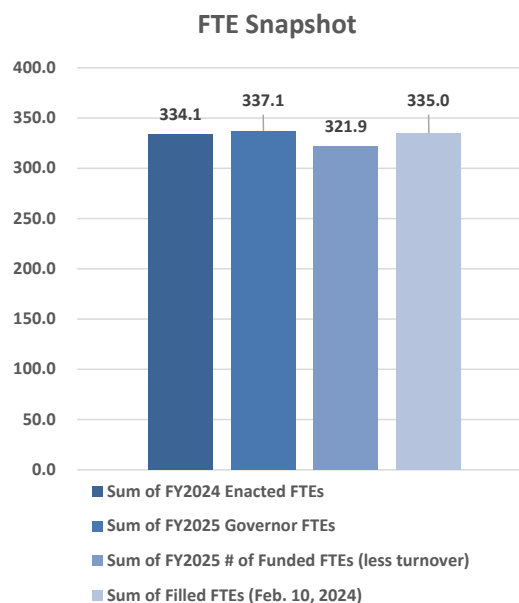
MAJOR ISSUES AND TRENDS

The \$67.1 million increase in general revenue is primarily due to an increase of \$24.3 million in categorical education aid and a \$19.2 million increase in education aid to districts, charter and state schools, as well as a \$2.0 million increase in school construction aid and \$812,952 to provide free meals to students eligible for reduced-price rates. An additional \$18.5 million is added to provide increased support for a mathematics and English language acquisition strategy, the Learn365RI initiative, and the shifting of support for the All Course Network from expiring federal funds to general revenue. The FY2025 Budget includes funding for all of the categories, except the Regionalization Bonus, the School Resource Officer Support, and the Density Aid fund, which was replaced with the Enrollment Transition fund. Transportation and English Learners are fully funded.

The reduction in federal funds is due primarily to the expiration of funding from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the ARPA SFRF, as well as the shifting of funds from the American Rescue Plan Act (ARPA) between fiscal years. In addition, there is a reduction in federal school meals reimbursement coupled with lower than projected participation. The increase in other funds is primarily due to Rhode Island Capital Plan (RICAP) funded renovation of the school wing at Davies partially offset by the completion of healthcare classroom improvements.

The Budget provides 337.1 FTE positions across the Elementary and Secondary Education system, including 153.1 FTE positions at the Department of Elementary and Secondary Education, 123.0 FTE positions at Davies, and 61.0 FTE positions at the School for the Deaf. The 3.0 new FTE positions, relative to the FY2024 Budget as Enacted, are within the Department, including 2.0 FTE early childhood positions for the Pre-K expansion that were previously federally funded, and 1.0 FTE to support career and technical education.

While not included in the Budget, the Department requested 2.0 new FTE positions for Davies to meet the new 2028 graduation requirements, 3.0 new Transformation Specialist positions at the Department to support schools and districts as they work to comply with the Education Accountability Act of 2019, and 1.0 new FTE position at the Department dedicated to state school health requirements to ensure operational efficiency.



Analyst Note: As of February 10, 2024, the Administration of the Comprehensive Education Strategy (ACES) program exceeded the cap for FY2024 of 150.1 FTE positions by 6.9. Fiscal Staff has requested additional information.

Federal Elementary and Secondary Relief Funds (ESSER)

The Coronavirus Response and Relief Supplemental Appropriations (CRRSA), passed in December 2020, provided \$184.8 million in Elementary and Secondary Education Relief (ESSER) II funds to Rhode Island. This was the second round of ESSER funds distributed. Of the total distribution \$166.4 million was for direct grants to local education agencies (LEAs). According to the United States Department of Education, LEAs may use these as allowed under ESSER I and ARPA ESSER, including hiring new staff and avoiding layoffs. Additional uses include addressing learning loss; preparing schools for reopening; and, testing, repairing, and upgrading projects to improve air quality in school buildings. The funds may be used for expenses dating back to March 13, 2020, and the funds are available for obligation through September 30, 2022, excluding the 12-month Tydings Amendment period. According to the Department 98.8 percent of these funds have been spent. Only four LEAs spent less than 99.0 percent of the funds: Cranston at 80.1 percent with \$1.8 million remaining, South Kingstown at 95.2 percent with \$63,943 remaining, Davies at 96.3 percent with \$43,092 remaining, and East Greenwich at 97.3 percent with \$6,501 remaining.

The American Rescue Plan Act (ARPA), passed in March 2021, provided \$415.0 million in ESSER III funds to Rhode Island. This was the third round of ESSER funds distributed. Of the total distribution \$373.5 million was for direct grants to local education agencies (LEAs). According to the United States Department of Education, an LEA must reserve at least 20.0 percent of its total allocation to address learning loss through evidence-based interventions such as summer learning, or enrichment, extended day, comprehensive after school programs, or extended school year programs. LEAs must ensure that such interventions respond to students' academic, social, and emotional needs, and address the disproportionate impact of COVID-19 on underrepresented student subgroups. Section 2001(e) specifically authorizes an LEA to use funds to develop strategies and implement public health protocols, including policies in line with guidance from the CDC for the reopening and operation of school facilities to maintain the health and safety of students, educators, and other staff, to the greatest extent practicable. The funds may be used for expenses dating back to March 13, 2020, and the funds are available for obligation through September 30,

2023, excluding the 12-month Tydings Amendment period. The Department reports that 87.5 percent of these funds have been spent as of January 25, 2024, with Tiverton, Kinston Hill Academy, and Coventry having spent 100.0 percent of the available funds.

Expenditure and allocation amounts for each LEA can be found at the [ESSER Funds Dashboard](#) on the Department’s website.

ADMINISTRATION OF THE COMPREHENSIVE EDUCATION STRATEGY (ACES)

The Administration of the Comprehensive Education Strategy (ACES) program encompasses the offices of Accelerating School Performance, Educator Excellence and Instruction Effectiveness, Fiscal Integrity and Efficiencies, and Legal. Through these offices, the Department provides leadership and support for the entire elementary and secondary education system in Rhode Island.

Administration of the Comprehensive Education Strategy	General Revenue
FY2024 Enacted	\$28,924,723
<i>Target and Other Adjustments</i>	
Mathematics and ELA Improvement Strategy	15,000,000
Learn365RI	3,000,000
Shepard Building General Revenue Reallocation	856,982
All Course Network (ACN) Shift to General Revenue	500,000
Career and Technical Education (1.0 new FTE)	150,519
PrepRI Site Visits	150,000
City Year (DOA to RIDE transfer)	130,000
FY2025 Governor	\$49,074,536

Administration of the Comprehensive Education Strategy	Other Fund Changes
School Nutrition Programs (federal funds)	(\$6,000,000)
ARPA SFRF: Out-of-School Learning Grants (federal funds)	(4,000,000)
ARPA SFRF: Adult Education (federal funds)	(2,872,178)

Mathematics and ELA Improvement Strategy **\$15.0 million**

As a placeholder for the state plans for mathematics and English Language Arts (ELA) to be developed by the Department in FY2024, the Budget includes \$15.0 million. The plans are expected to include the budget needed to support, teachers, students, and families in meeting the goals of the plans. According to the Department, in 2022, less than one third of students in grades 3 through 8 demonstrated proficiency in ELA and mathematics.

In response to a request for additional information on the initiative, the Department responded on March 8, 2024, with the following detail:

- Some money directly to districts to fund or partially coach positions.
- There is not enough for coaches in all schools so a determination of need would have to be established.
- Funds should be aside for professional learning for those coaches, so funds for a vendor who runs the coach training and support piece.
- Funds would be set aside set aside to continue some curriculum specific professional learning since funding sources used to support this will be ending.

Learn365RI **\$3.0 million**

To replace temporary federal funding, the Governor provides \$3.0 million in general revenue to support out-of-school programming with a focus on critical skill development. These funds will be used to continue the work of the \$4.0 million in federal Governor’s Emergency Education Recovery (GEER) Emergency Assistance to Non-Public Schools (EANS) funds and \$4.0 million in ARPA SFRF in providing grants to municipalities to start or continue out-of-school time programming consistent with the Learn365RI goals

of “increasing school attendance, improving reading and math skills, and ensuring that high school graduates have a meaningful plan upon graduation.” The proposal does not currently contain any additional funding in the out years.

According to the Department, the funds will be awarded to municipalities, in disbursements of \$40,000 to \$400,000, on a competitive grant basis. The proposals will be evaluated on how the proposed initiative will align to the Learn365RI goals and meet the needs of the community, likely through out-of-school academic programming and tutoring, reconnection engagement initiatives, college and career pathway support programs, and other initiatives that are tailored to the community’s needs. The Department posits that “successful programs could include training out-of-school time providers or a municipal recreation department to offer literacy lessons, invest in technology to provide digital math training, hosting of community-wide FAFSA nights to promote post-secondary learning opportunities.”

Shepard Building General Revenue Reallocation

\$856,982

The Budget includes \$856,982 to accommodate costs associated with the Division of Capital Asset Management and Maintenance (DCAMM) taking over the maintenance and operation of the Shepard Building. Previously, the University of Rhode Island was responsible for the maintenance and operation of the Shepard Building and the FY2024 Budget as Enacted included \$2.2 million in general revenue, through the Office of the Postsecondary Commissioner (OPC), for the state share of those expenses. The Department of Elementary and Secondary Education did not have any funding to pay for physical space, unlike most state agencies who are charged a rate by DCAMM based on the square footage they occupy.

All Course Network (ACN) Shift to General Revenue

\$500,000

The All Course Network (ACN), previously known as the Advanced Course Network, is an online, statewide course catalogue that expands access to out-of-school learning experiences for students. The Budget shifts \$500,000 in professional services for the ACN to general revenue from expiring federal funds.

The ACN offers advanced coursework options for Rhode Island students with the goal of expanding access to opportunities that promote college and career readiness while they remain enrolled at their public school. The Advanced Coursework Network is made up of Network Members, schools and districts that voluntarily choose to extend the Advanced Coursework Network opportunities to students, and Network Providers (school districts, Rhode Island based community-based organizations or higher education institutions) that extend advanced coursework opportunities to Rhode Island students. Course offerings include advanced math and science, world languages, dual/concurrent enrollment, and career preparation coursework that results in the attainment of an industry-recognized certificate or credential.

Beginning in January 2021 the receipt of the federal RethinkRI grant allowed for the expansion of the program. Currently, the program provides courses for students in PK through twelfth grade throughout the school year. Different courses are delivered in-person, fully online, and through a blended format. Seats are filled through a lottery system. The following table shows the funding history of the program.

Source	All Course Network (ACN) Funding History						
	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Enacted	FY2024 Projected	FY2025 Governor
General Revenues	\$150,000	\$150,000	\$150,000	\$150,000	\$250,000	\$250,000	\$750,000
Career and Technical Categorical	390,000	-	-	-	-	-	-
Permanent School Fund (restricted receipts)	115,280	266,135	300,000	300,000	300,000	120,000	-
Rethink RI Grant (federal funds)	-	747,166	255,487	528,627	450,000	590,661	-
ESSER II (federal funds)(summer courses only)	-	-	1,106,721	-	-	-	-
ESSER III (federal funds)(summer courses only)	-	-	-	1,270,000	1,000,000	1,251,406	1,250,000
Total	\$655,280	\$1,163,300	\$1,812,208	\$2,248,627	\$2,000,000	\$2,212,067	\$2,000,000

Source: Rhode Island Department of Education

Career and Technical Education (1.0 new FTE)**\$150,519**

The Budget provides \$150,519 in salary and benefits to support 1.0 new FTE position to support career and technical education (CTE). The additional FTE position would be in addition to the 3.0 FTEs currently dedicated to CTE. The new FTE would be focused on developing the monitoring plan, including materials, schedule, and protocols. The monitoring system is projected to be in place by June 2026. According to the Department, Connecticut has 4.0 CTE FTEs and Massachusetts has 12.

In addition to the new positions, the Department requested \$1.0 million in additional grant funds (\$5.5 million total funding). 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. For example, in FY2023, 25 additional programs were added with another 23 programs expected to begin in FY2024. In the Spring of 2023, the Department had a Federal Monitoring visit during which the Department was found to be delinquent in the monitoring of CTE programs. Consequently, the Department needs to develop a monitoring plan that includes on-site visits. The Governor did not recommend the additional funding.

Performance Review of Educator Preparation in Rhode Island (Prep-RI) Site Visits**\$150,000**

The Budget includes \$150,000 in general revenue in purchased services for continued support to 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.

Federal Fund Changes**(\$20.4 million)**

The Budget includes a net decrease in federal funding of \$20.4 million. In addition to the expiration of \$7.3 million in ESSER II within the ACES program, the decrease includes the following:

- **School Nutrition Programs (\$6.0 million):** The Budget provides a decreased appropriation in federal funds of \$6.0 million in FY2025 and \$6.5 million in FY2024 to support school breakfast and lunch programs. The FY2023 Budget included a temporary per-meal reimbursement increase from the Keep Kids Fed Act., which provided an increased reimbursement rate for school lunch and school breakfast to help offset the increased cost of food and operating expenses for schools for the 2022-2023 school year. Schools received an additional 40 cents more for each lunch and 15 cents more for each breakfast served. Pursuant to the Department’s request, the FY2024 Budget as Enacted provided an increased appropriation in case the increased reimbursement continued into FY2024 and resulted in higher participation rates. Neither the enhanced reimbursement nor the increased participation has materialized; consequently, the appropriation is adjusted to reflect the normal yearly increase in reimbursement rates.
- **ARPA SFRF: Out-of-School Learning Grants (\$4.0 million):** The FY2024 Budget as Enacted provided \$4.0 million in ARPA SFRF to be distributed through the Department’s Office of Student, Community, and Academic Supports to community organizations to expand access to education programs outside of school hours: these funds do not carry into the FY2025 Budget. Pursuant to the proposal, the

Department will award grants through a competitive Request for Proposals. Outcome and participant data will be collected monthly and quarterly for reports. The funding will support:

- Direct Grants to 38 municipalities including an estimated 29 standard grants in the amount of \$40,000 and 9 expanded grants up to \$400,000,
- Temporary increase in the capacity of RIDE to oversee implementation, ongoing evaluation, reporting, and strategic planning of the project, and
- Third-party professional development in quality after school program delivery and management to municipalities and their out-of-school time providers.
- **ARPA SFRF: Adult Education (\$2.9 million):** The FY2024 Budget as Enacted included \$3.0 million for the SFRF-funded Adult Education Providers initiative providing additional support for adult learning in Rhode Island. An additional \$2.0 million was provided in FY2023 for a total of \$5.0 million over two years. Based on the updated project timeline, the FY2025 Budget provides \$127,822 in FY2025 and \$4.9 million in FY2024. Based on the February 2024 SFRF update, the Department projects that funding will be fully obligated by December 30, 2024, and fully expended by December 30, 2026.

Funds are to be distributed through a grant process managed by the Office of Adult Education. Proposals will be reviewed and awards will be made to the network of 19 nonprofit, adult education providers to expand access to educational programs and literary services including high school equivalency preparation, English for Speakers of Other Languages, digital literacy skills development, and workforce preparation and training, including Integrated Education and Training (IET). IET is a nationally recognized workforce development model shown to accelerate successful completion of sectoral job training by adults with foundational skill gaps.

Specifically, the project will fund:

- Direct grants to create regional hubs to streamline access to services statewide and facilitate knowledge transfer.
- Direct grants to purchase devices and software to support the integration of digital literacy and use of eTests statewide.
- Direct grants for the expansion of Adult Education services statewide.
- Temporary increased capacity of the Rhode Island Department of Education (RIDE) to oversee implementation, ongoing evaluation, and strategic planning of the project.
- Third-party evaluation to identify service gaps and ensure regional equity.
- Third-party marketing and outreach campaign in multiple languages.

CENTRAL FALLS SCHOOL DISTRICT

The State of Rhode Island assumed control of the Central Falls School District in 1991 when it was determined that the City of Central Falls could not afford to meet its contractual, legal, and regulatory obligations related to school funding because its tax base had sustained little or no growth over several years. Since FY1993, the State has been responsible for 100.0 percent of the education expenditures for the Central Falls School District.

Since FY2012, Central Falls has been funded according to the education funding formula. The Budget provides \$48.3 million for the Central Falls School Department in FY2025. This includes the funding formula distribution as well as \$11.1 million in funding through the Central Falls Stabilization Fund, and

excludes aid received through other education aid categories. (See Education Aid in the Special Report section of this publication for further detail.)

Central Falls	General Revenue
FY2024 Enacted	\$49,413,751
<i>Target and Other Adjustments</i>	
Funding Formula Adjustment	(1,086,318)
Central Falls Stabilization	<i>Informational</i>
FY2025 Governor	\$48,327,433

Funding Formula Adjustment **(\$1.1 million)**

Since FY1993, the State has been responsible for 100.0 percent of the education expenditures for the Central Falls School District; however, beginning in FY2012, the district’s state funding has been determined through the new funding formula. In FY2025, the district will see a decrease of \$2.1 million in funding formula aid, partially offset by an increase of \$984,205 for the Enrollment Transition Fund, resulting in a net decrease of \$1.1 million. The formula distribution, stabilization aid, and other categorical aid provide for a net increase of \$337,138 over the previous fiscal year.

Central Falls Stabilization **Informational**

The Budget funds this category at \$11.1 million in FY2025, consistent with the FY2024 Budget as Enacted. Central Falls schools are currently 100.0 percent state-funded, with the State providing both the local and state contributions calculated through the formula, as well as the local share that would be supported outside of the core amount. Generally, the costs outside the foundation aid formula, such as transportation, facility maintenance and retiree health benefits, are paid by the district. The stabilization fund was created due to concerns regarding the city's capacity to meet the local share of education costs. Previously the statute required Central Falls to pay its share of the local contribution prior to receiving stabilization funds. However, the 2012 General Assembly amended the statute to provide for an annual review of the respective shares and to allow stabilization funds to be provided without the district having to pay the entire local share as determined from the education funding formula. The total foundation amount calculated through the funding formula is \$36.6 million in FY2025, with the state share at \$35.6 million, plus \$1.6 million for the Enrollment Transition Fund (an increase of \$984,205), established through Article 8 of the FY2024 Budget as Enacted, provides a total of \$37.2 million.

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

DAVIES CAREER AND TECHNICAL CENTER

The Davies Career and Technical School provides a high school education program in occupational areas for students in grades nine through twelve. The school provides an integrated academic and vocation curriculum with up-to-date technology programs to provide a solid foundation for students entering postsecondary education or the community. Davies operates as a local education agency and is governed by a Board of Trustees.

The Budget provides \$17.6 million in general revenue funding for the Davies Career and Technical School, an increase of \$1.8 million from the FY2024 Budget as Enacted, excluding categorical aid. (See Education Aid in the Special Report section of this publication for further detail.)

Davies Career and Technical School	General Revenue
FY2024 Enacted	\$15,721,293
<i>Target and Other Adjustments</i>	
Funding Formula Adjustment	949,074
Davies Stabilization Fund	892,486
FY2025 Governor	\$17,562,853

Funding Formula Adjustment \$949,074

The Davies School receives funding from state and federal sources; however, beginning in FY2012, it receives its State funding as determined through the new funding formula. In FY2025, the Davies School will receive an increase of \$949,074 in funding formula aid (\$10.2 million in total formula aid). Instead of being entirely State funded, the sending districts now pay a portion of the tuition for each student from their district. Furthermore, Davies is now responsible for the cost of transporting students to and from their sending districts

Davies Stabilization Fund \$892,486

Article 11 of the FY2017 Budget as Enacted established a stabilization fund to provide additional support to Davies for costs associated with a stand-alone high school offering both academic and career and technical coursework. The Budget provides an increase of \$892,486 (\$7.3 million total) in FY2025.

For FY2025, Davies requested a general revenue increase of \$2.8 million, \$1.0 million more than provided in the Governor’s Budget, and 2.0 new FTE positions that were not recommended by the Governor. In order to meet the new graduation requirements for the class of 2028, Davies requested 2.0 new FTE positions and funding for another position within the current FTE cap. The positions include 1.0 FTE World Language Teacher and 2.0 FTE Art Teachers at a total cost of \$361,524. Under the new requirements, beginning with the Class of 2028, students must take two years of a world language. Davies requested the additional position in order to provide enough class openings for students to meet this requirement. In addition, the new standards require that art classes be taught by certified Art Teachers, who would need to be recruited.

Also included in the Governor’s recommendation is \$706,957 in turnover, roughly 4.5 percent of salary and benefit costs in FY2025. While acknowledging that FY2024 has seen higher than usual turnover rates, Davies projects turnover savings closer to \$250,000 for FY2025.

RHODE ISLAND SCHOOL FOR THE DEAF

The Rhode Island School for the Deaf (RISD) is a public school which offers educational programs to approximately 85 deaf and hard of hearing youth (and their families) from birth through age 21 in the elementary program, junior and senior high school, and early intervention and preschool programs.

School for the Deaf	General Revenue
FY2024 Enacted	\$8,505,617
<i>Target and Other Adjustments</i>	
FY2025 Governor	\$8,675,430

METROPOLITAN CAREER AND TECHNICAL SCHOOL

The Metropolitan Career and Technical School (Met School) is a career and technical public-school district with two campuses in Providence and a third in Newport. It provides a comprehensive education which includes internships, individual learning plans, advisory, and a college transition program for students in grades nine through twelve.

The Budget provides \$10.7 million in general revenue funding for the Met, an increase of \$130,105 over the FY2024 Budget as Enacted. This includes \$2.1 million for the Met School Stabilization Fund, but excludes categorical aid. The Met School is governed by a board, appointed by the Board of Education but operated independently. Also, unlike Davies, the employees at the Met School are not state employees. (See Education Aid in the Special Report section of this publication for further detail.)

Metropolitan Career and Technical School	General Revenue
FY2024 Enacted	\$10,610,928
<i>Target and Other Adjustments</i>	
Funding Formula Adjustment	93,195
Met School Stabilization Fund	36,910
FY2025 Governor	\$10,741,033

Funding Formula Adjustment **\$93,195**

In FY2025, the Met School sees an increase of \$93,195 in funding formula aid (\$8.7 million in total formula aid). Previously, the Met School was 100.0 percent state funded; however, beginning in FY2012, it received its general revenue funding through the new funding formula and sending districts pay a portion of the tuition for each student from their district. Furthermore, the Met School is now responsible for the cost of transporting students to and from their sending districts and will no longer be reimbursed by sending districts for transportation costs. Generally, the school provides RIPTA passes to students; however, due to the lack of RIPTA services available to students in Woonsocket, the school contracts for bus service for those students.

Met School Stabilization Fund **\$36,910**

Article 11 of the FY2017 Budget as Enacted established a stabilization fund to provide additional support to the Met School for costs associated with a stand-alone high school offering both academic and career and technical coursework. The Budget increases the stabilization fund by \$36,910 (\$2.1 million total) in FY2025. By adjusting the stabilization fund to offset any changes in the funding formula calculation, the Met School was level funded from FY2017 through FY2022. The increase is recommended to address rising operating costs, such as salaries, utility rates, and healthcare costs.

EDUCATION AID

The Department provides direct support to schools and school districts, including charter and state-owned schools through this program. This program also provides funding for group home beds, non-public textbook reimbursement, state-level professional development, the early childhood demonstration pilot project, state E-rate reimbursement, and the state’s share of the school breakfast program.

Education Aid	General Revenue
FY2024 Enacted	\$1,146,299,565
<i>Target and Other Adjustments</i>	
Categorical Aid	24,324,741
Funding Formula Distribution	19,186,698
School Meals	812,952
FY2025 Governor	\$1,190,623,956

Categorical Aid **\$24.3 million**

When the education funding formula was passed in 2010, five categorical funds were identified that would not be distributed according to the formula, but according to other methodology to address the priorities and funding needs of the districts. These categories include Transportation, High-Cost Special Education, Career & Technical Education, Early Childhood, and the Regionalization Bonus. Article 11 of the FY2017 Budget as Enacted added two new aid categories: English Learners and Density Aid Fund. In the FY2024 Budget, the Density Aid Fund was replaced with the Enrollment Transition fund, which is included in the funding formula distribution. The FY2019 Budget as Enacted created a temporary category for School Resource Officer Support, which expired after FY2021. (The Central Falls, Davies and Met School Stabilization Funds are addressed in the relevant sections of this analysis.)

The FY2025 Budget includes funding for all of the active categories, except the Regionalization Bonus. The total increase in categorical aid is \$24.3 million for all school districts, charter schools, Davies Career & Technical School (Davies), and the Metropolitan Career and Technical School (Met).

- Transportation:** This fund provides funding 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.

FY2025 Governor's Education Aid		
Categorical	Change from Enacted	Total Funding
Transportation	\$0.6	\$11.2
Early Childhood	7.2	30.0
High-Cost Special Education	-	15.0
Career & Tech. Schools	-	4.5
English Learners	16.6	36.1
Regionalization Bonus	-	-
Group Home Aid	(0.1)	1.8
Total	\$24.3	\$98.6

\$ in millions

- Early Childhood Education (2.0 FTE positions):** 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, \$239,861 for 2.0 new FTE positions, including 1.0 support staff, for the Pre-K program expansion. The FY2024 Budget as Enacted provided \$100,000 in general revenue to support these positions for six months. The FY2025 Budget provides additional funding to fully support these positions and move them from grant-funded, term-limited status to permanent.

District	Low-Income Percentage		
	Total Seats	Low-Income Seats	Percentage
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%

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.

- 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.
- Career and Technical Schools:** This fund contributes toward the initial investment needed to transform existing programs or create new programs and the costs associated with facilities, equipment maintenance and repair, and supplies associated with higher-cost programs at career and technical schools. The Budget funds this category at \$4.5 million in FY2025, level with the previous year.
- English Learners:** When established through Article 11 of the FY2017 Budget as Enacted, the English Learners (EL) categorical fund provided a 10.0 percent weight of the core instruction amount, and was often not fully funded to meet the qualified reimbursements. The FY2024 Budget as Enacted increased the weight to 15.0 percent and eliminated the ratable reduction clause, requiring the category to be fully funded; consequently, the fund currently provides additional aid of 15.0 percent of the per-pupil core instruction amount for each qualified EL student multiplied by the state share ratio. The WIDA (World-Class Instructional Design and Assessment) Kindergarten-MODEL and the WIDA Screener 1-12 grade

are used to identify EL students. The WIDA ACCESS (Assessing Comprehension and Communication in English State to State) is used for monitoring and growth in grade K-12. WIDA is a consortium of state departments of education that developed the ACCESS test that is administered annually to English Learners to monitor the student's language development. The models classify student into six proficiency categories. The categorical aid is used for the three lowest categories: entering, emerging, and developing.

The current law formula is provided below.

(Per-pupil core instruction amount x number of EL students) x 15.0 percent x state share ratio = additional state support per EL student

The Governor recommends increasing the weight from 15.0 percent to 25.0 percent of the core amount. The Budget provides \$36.1 million in FY2025 to fully fund this category with a core amount of \$12,335 and a 25.0 percent weight, an increase of \$16.6 million relative to the previous fiscal year. Under current law, with a core amount of \$12,617 and a 15.0 percent weight, the increase would be \$2.7 million relative to the FY2024 Budget as Enacted, \$13.9 million less than the Governor's recommendation for EL.

The funds are restricted to providing new services to EL students and must be managed in accordance with requirements enumerated by the Commissioner. The Department is required to collect performance reports and approve the use of funds prior to expenditure to ensure the funded activities align to innovative and expansive activities. As mentioned only qualified expense will be reimbursed, according to a letter from the Department to district Superintendents, dated June 23, 2023, the funds may not be used for activities the district is currently funding from other sources. In addition, the Department "must ensure the funds are used to (Source: House Bill 7171):

1. Increase the number of new bilingual classrooms and programs;
2. Increase capacity of multilingual educators and English to Speakers of Other Language (ESOL) certified teachers;
3. Provide continuous training to retain multilingual and ESOL certified teachers;
4. Increase the knowledge and capacity of building administrators about MLL students to better support them;
5. Provide training for general education teachers to become certified in ESOL; and
6. Provide training for instructional coaches and personnel supporting differently-abled students to serve multilingual students."

Analyst Note: "House Bill 7171" refers to the Governor's FY2021 Recommended Budget. This is the year that the State shut down due to COVID-19 and this bill language was never passed into law. This language is not in the Department's current regulations, nor is it posted publicly on the website.

Article 8 of the FY2024 Budget as Enacted required the Department to report, as part of the FY2025 budget submission, the number of EL students whose family income is at or below 185.0 percent of federal poverty guidelines and segment the populations by proficiency. In addition, the Department is required to prepare an expense report for EL education and recommend a funding solution. While the full report is available upon request, the report noted that 79.0 percent of the multilingual learner students (MLL) are enrolled in Central Falls, Providence, Pawtucket, and Woonsocket schools and the charter schools that draw from these districts. In additional approximately 80.0 percent of the enrolled MLL students qualify for free or reduced lunch. The "recommended changes (to categorical aid) are:

- Increase weight from 15% to 25% of core expenses for the three lowest proficiency categories, approximately 80% of the students.
 - Entering -Emerging -Developing
 - Add a 15% weight to the next three proficiency categories (there are six in total).
 - Expanding -Bridging -Reaching English Proficiency
 - Add 15% weight for the first two years after exiting the MLL program.
 - Monitoring
 - All MLL students are included in the weight allocation, including those that may be included in other formula categories such as the student success factor and special education.”
- **Regionalization Bonus:** This fund provides a bonus to districts that may regionalize in the future. In the first year, the bonus is 2.0 percent of the State’s share of the total foundation aid. In the second year, the bonus is 1.0 percent of the State’s share and in the third year the bonus phases out. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget provides no funding in FY2025. This category has not been funded since FY2014, as no new regionalized districts have been formed.
 - **Group Home Aid:** The Group Home aid category was created by the General Assembly in 2001 to provide state support to districts hosting group homes in exchange for relieving the resident sending district of financial responsibility for students placed in group homes. When enacted, the Act maintained the current funding for group homes as a categorical grant program, and provided \$15,000 annually per bed, except for group home beds associated with Bradley Hospital Children’s Residential and Family Treatment (CRAFT) Program, which received \$22,000 per bed. Through Article 11 of the FY2017 Budget as Enacted, the per-bed aid increased by \$2,000 for a total of \$17,000 per bed, except for beds associated with the CRAFT Program, which increased by \$4,000 for a total of \$26,000 per bed.

The FY2025 Budget includes \$1.8 million to fund group home beds. This is \$74,758 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, 2023, report from the Department of Children, Youth, and Families, the FY2024 Revised Budget increases by 9 beds and \$153,000. The increase includes 1 bed in East Providence (\$17,000), 7 beds in Providence (\$119,000), and 1 bed in Warwick (\$17,000).

Funding Formula Distribution

\$19.2 million

Based on the October 2023 enrollment data, adjusted for projected charter school enrollments, the FY2025 Budget recommendation increases the education funding formula distribution by \$24.7 million, for a total of \$1,089.8 million for all the school districts except Central Falls and the state schools, which are included as separate budget programs. The \$19.2 million increase includes increases of \$19.4 million (\$1,065.2 million total) in funding formula distribution, \$4.1 million (\$23.4 million total) in Enrollment Transition Funds, and a \$230,000 technical adjustment to account for an error in the enacted budget, partially offset by a \$4.5 million decrease (\$1.2 million total) in Poverty Loss Stabilization Funds.

The increase in funding formula aid for all school districts, charter schools, Davies Career & Technical School (Davies), and the Metropolitan Career and Technical School (Met) totals \$19.8 million. The

difference is due to an increase to Davies (\$1.8 million) and the Met (\$130,105) partially offset by a decrease in funding to Central Falls (\$1.1 million) in FY2025 relative to the FY2024 enacted level.

The Education Adequacy Act (2010-S-2770, Substitute A as Amended) provided a new school funding formula that creates a single methodology for distributing state aid to all public schools. The core principle behind the formula is that state funding should follow the student; therefore, distribution could change annually based on shifts in enrollment. There are no changes in funding methodology for the School for the Deaf, since it is an education program that already has a state, federal and local share.

The formula establishes a per-pupil spending amount (\$12,335 in FY2025) and allocates this funding based on student enrollment. In the Governor's FY2025 Budget, the increase in the core-instructional amount is capped at the average five-year annual percentage change in the consumer price index, for FY2025 that is 3.9 percent or \$459, providing a per-pupil amount of \$12,335. Under current law, the core amount would be \$12,617, an increase of 6.2 percent.

The formula also includes a single factor to adjust the core foundation amount to address the effects of poverty and other factors influencing educational needs. The student success factor, also referred to as the high need student weight, is 40.0 percent. The weight provides an additional \$4,934 ($\$12,335 \times 0.4 = \$4,934$) for each student whose family income is at or below one hundred eighty-five percent (185%) of federal poverty guidelines.

The formula accounts for local revenue generating capacity and overall poverty level through a state share ratio calculation for each community that uses the State Share Ratio for the Community, based on the EWAV (Equalized Weighted Assessed Valuation) for the community, and the concentration of pre-kindergarten through sixth grade students eligible for free or reduced-price lunch.

Article 11 of the FY2017 Budget as Enacted changed the threshold for the high-need student weight to a family income at or below 185.0 percent of the federal poverty guidelines. The change is in response to the United States Department of Agriculture no longer requiring districts to collect eligibility data. Since this income level is the same threshold as that used for the free or reduced lunch program, the Department of Elementary and Secondary Education (Department) does not anticipate a change in the eligibility numbers.

Article 10 of the FY2023 Budget as Enacted required the Department of Elementary and Secondary Education (Department) to submit, as part of its FY2024 budget request, a poverty measure that does not rely on the administration of the school lunch programs. The Governor recommended and the General Assembly concurred with using certification data from programs including the Supplemental Nutrition Assistance Program (SNAP). The counts from this data source are then multiplied by a factor of 1.6, as recommended by the U.S. Department of Agriculture (USDA) and the U.S. Department of Education for the Community Eligibility Provision (CEP) of the Healthy, Hunger-Free Kids Act of 2010. The direct certification data is used for both the student success factor (SSF) and concentration of pre-kindergarten through sixth grade students used in the share ratio calculation.

According to the Office of Management and Budget (OMB), "extensive research was conducted" to determine the new poverty measure, including the experiences of other states. Several criteria were considered including "comparable eligibility requirement to the FRLP, timeliness, and data quality. Furthermore, data sharing agreements with DHS [Department of Human Services] related to the use of direct certification were already in existence." Based on the review, it was determined that "direct certification would result in a reliable calculation of education aid while minimizing administrative burden."

According to the US Department of Education, the "function of the 1.6 multiplier is to provide an estimate of the percentage of students eligible for free and reduced-price meals in participating CEP schools, groups

of schools, or LEAs that is comparable to the poverty percentage that would be obtained in a non-CEP school. The number of students directly certified is a subset of the total number of students eligible for free and reduced-price meals. Using only the number of identified students would result in lower poverty percentages for CEP schools or LEAs.” (see page 4 of Guidance for The Community Eligibility Provision). Communities participating in the CEP agree not to collect FRLP forms.

Poverty Loss Stabilization Fund: The FY2024 Budget as Enacted established funding to reduce the impact of a reduction in the community state share ratio. If the share ratio decreases by more than 2.0 percent, relative to the prior year, the formula provides 50.0 percent of the resulting reduction in funding formula aid. This fund continues in FY2025 and is distributed as part of the funding formula distribution. The FY2025 Budget decreases this fund by \$4.5 million, for all the school districts except Central Falls and the state schools, which are included as separate budget programs, relative to the FY2024 budget as Enacted.

Enrollment Transition Fund: To address the significant enrollment declines seen across the State, the FY2024 Budget as Enacted established an Enrollment Transition Fund providing 40.0 percent of the funding formula aid lost as a result of enrollment declines, relative to the previous year, in year one and 25.0 percent in year two. This fund continues in FY2025 and is distributed as part of the funding formula distribution. The FY2025 Budget increases this fund by \$4.1 million, for all the school districts except Central Falls and the state schools, which are included as separate budget programs, relative to the FY2024 Budget as Enacted.

The Act included a multi-year transition plan to ease districts into the new formula, allowing time to adjust for gains or losses in education aid. The plan provided a transition period of ten years for those districts projected to receive less school aid than they did through the aid distribution in FY2011, and seven years for those districts projected to receive more aid. As of FY2022 the funding formula distribution is fully phased in. (See Education Aid in the Special Report section of this publication.)

SCHOOL CONSTRUCTION AID

In 1960, the school housing aid program was enacted by the General Assembly to guarantee adequate school facilities for all public-school children in the state, and to prevent the cost of constructing and repairing facilities from interfering with the effective operation of the schools. Applications for aid to support the construction and renovation of school buildings are submitted to and evaluated by the Rhode Island Department of Elementary and Secondary Education (RIDE). State aid is provided for approved projects based on a percentage of cost. The percentage provided by the State to the school district is determined based on a share ratio designed to measure a community’s need. For FY2024, the minimum state share is 35.0 percent and the maximum is 96.4 percent for Central Falls: the state share for charter schools is 30.0 percent

The 2010 General Assembly passed legislation increasing the minimum share ratio for traditional school districts from 30.0 percent in FY2011 to 35.0 percent in FY2012 and to 40.0 percent in FY2013. The 2012 General Assembly froze the reimbursement rate at 35.0 percent, but provided that projects completed after June 30, 2010, that received approval from the Board of Regents by June 30, 2012, receive the 40.0 percent minimum.

The 2011 General Assembly enacted legislation that required RIDE to develop recommendations for cost containment strategies in the school housing aid program. The following recommendations were submitted on March 22, 2012:

- Establish capital reserve funds on the state and local level.
- Reduce the minimum share ratio.

- Limit costs associated with bonding by establishing a mechanism to allow districts with poor bond ratings to borrow at a lower interest rate, reduce the State’s reimbursement rate on interest, and provide incentives for districts to refinance bonds.

Article 9 of the FY2019 Budget as Enacted provided temporary incentives to encourage districts to improve the condition of public-school buildings in Rhode Island, established a permanent incentive for school safety and security projects, and established school maintenance expenditure requirements.

School Construction Aid	General Revenue
FY2024 Enacted	\$104,162,946
<i>Target and Other Adjustments</i>	
School Construction Aid	2,035,609
School Building Authority Capital Fund	Informational
FY2025 Governor	\$106,198,555

School Construction Aid **\$2.0 million**

The Budget provides \$106.2 million, an increase of \$2.0 million over the FY2024 Budget as Enacted. While the entire amount is expected to be used for housing aid entitlements, any surplus will be deposited into the School Building Authority Capital Fund. Based on December 2023 projections, housing aid entitlements are projected to increase to \$111.1 million in FY2026, \$125.4 million in FY2027, and \$152.7 million in FY2028.

School Building Authority Capital Fund **Informational**

Article 9 of the FY2016 Budget as Enacted designated the Department of Elementary and Secondary Education (Department) as the State’s School Building Authority and charged the Department with implementing a system of state funding for school facilities, managing the school housing aid program, and developing a project priority system. The Authority oversees two distinct funding mechanisms for school facilities: the Foundation Program, as enumerated in RIGL 16-7-35 through 16-7-47, and the School Building Authority Capital Fund (Capital Fund), as created through the article.

In FY2024, \$104.2 million was appropriated to the foundation program; however, \$101.5 million was spent leaving \$2.7 million to be transferred to the Capital Fund in the FY2024 Revised Budget. Of these funds \$1.7 million be used for the [Get the Foam Out!](#) program and \$995,610 will go toward the [WELL Initiative](#).

In FY2023, in addition to the \$250.0 million school building bond referendum in Article 5, the Budget as Enacted provided \$50.0 million in general revenue to the School Building Authority to address high-priority projects including upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students.

Facility Equity Initiative Pilot Program: At the January 11, 2022, meeting, the Council on Elementary and Secondary Education approved funding for the Facility Equity Initiative pilot program to provide pay-go funding for high priority projects in school districts with reimbursement rates over 65.0 percent, including Central Falls, Pawtucket, Providence, West Warwick, and Woonsocket. This project would focus on high priority projects to improve the health and safety of students and promote equity across the State. The new Capital Fund will provide up-front funding instead of increasing the school construction allocation in the annual budget and reduce costs by eliminating interest payments on the funded projects.

The projects approved by the Council for FY2022 are supported with the \$9.0 million from construction delays and bond refinancing, plus an additional \$3.0 million from prior year surpluses, and \$1.5 million in support from the Office of Energy Resources (OER) fund to the Facility Equity Initiative pilot program. The funding was distributed, in partnership with OER and the Office of Opportunity, Equity and Diversity (ODEO). After evaluating 53 applications from 5 LEAs, the funds were awarded to 5 districts on a priority basis designed to have the greatest impact on facility gaps between districts through upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students.

**FY2022 SBA Capital Fund
Facility Equity Initiative
Pilot Program**

Central Falls	\$3.6
Pawtucket	4.4
Providence	4.5
West Warwick	0.5
Woonsocket	0.5
Total	\$13.4

While this program was only a pilot, with the approval of the \$250.0 million school construction bond in November 2022, Article 10 of the FY2023 Budget provided that \$50.0 million be transferred to the School Building Authority Capital Fund to address high-priority projects including upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students. The SBA expanded the pilot program to include the ten LEAs with a base reimbursement rate over 45.0 percent, thus doubling the number of eligible schools.

Of the \$50.0 million appropriated in FY2023, \$49.1 million was distributed as follows:

- \$26.0 million funded the Facility Equity Initiative, an additional \$4.0 million was contributed by the Office of Energy Resources
- \$14.0 million (plus \$1.0 million from the career and technology school fund) was distributed through the 21st Century Technology and Equipment Funds to provide LEAs funds to ensure that learning spaces are equipped with technology, furniture, and equipment that support science technology, engineering, and math project-based learning.
- \$7.5 million was used for the Inside Out program to provide outdoor classrooms.
- \$1.6 million was awarded through the Menu for Success program providing students with the opportunity to design and operate food trucks.
- \$850,000 was used toward the new W.E.L.L. Initiative to meet the holistic needs of student in the wake of the pandemic. Local education agencies will be eligible for up to \$150,000 depending on enrollment. LEAs will be provided with \$5,000 to conduct professional development to support the award. Additional funding for this initiative includes \$1.6 million in federal ESSER II funds and \$500,000 in Opioid Settlement funding.

**FY2023 SBA Capital Fund
Facility Equity Initiative
Program**

Burrillville	\$0.3
Central Falls	4.2
Coventry	3.2
Cranston	1.9
East Providence	2.2
North Providence	2.8
Pawtucket	2.8
Providence	9.3
West Warwick	0.6
Woonsocket	2.9
Total	\$30.2

TEACHER RETIREMENT

Since 1949, all teachers are required to become members of the State Retirement System. The State pays 40.0 percent of the employer's share of the retirement contribution each year. These funds, which are actuarially determined annually, are appropriated to the Department of Education for transfer to the State Retirement Fund.

On November 17, 2011, the General Assembly passed the Rhode Island Retirement Security Act of 2011 (RIRSA) to reform the state and local pension systems. The Act introduces a hybrid pension structure for all State employees, except public safety employees and judges, to shift risk to the employee by combining the attributes of both the defined benefit and defined contribution plans.

Teacher Retirement	General Revenue
FY2024 Enacted	\$132,744,129
<i>Target and Other Adjustments</i>	
Defined Benefit Plan	(572,549)
Defined Contribution Plan	97,342
FY2025 Governor	\$132,268,922

Defined Benefit Plan **(\$572,549)**

The Budget provides total funding of \$127.1 million for the State's contribution to the teacher retirement defined benefit plan, reflecting a net decrease of \$572,549 from the FY2024 Budget as Enacted. The employer contribution rates are actuarially determined annually, and appropriated to the Department of Education for transfer to the State Retirement Fund. For teachers the State pays 40.0 percent of the employer contribution.

Defined Contribution Plan **\$97,342**

The Budget provides \$5.1 million in general revenue for the State's share of the contribution to the new defined contribution portion of the hybrid pension system, providing an increase of \$97,342 over the FY2024 Budget as Enacted. The plan includes a mandatory 5.0 percent employee and 1.0 percent employer contribution. For teachers the State pays 40.0 percent of the employer contribution.

CAPITAL PROJECTS

The Budget includes a total of \$14.2 million in capital expenditures from Rhode Island Capital Plan (RICAP) funds in FY2024 and \$33.0 million in FY2025. This provides an increase of \$752,464 in FY2024 and \$19.3 million in FY2025 relative to the FY2024 Budget as Enacted, including:

- **Davies Health Care Classrooms:** Due to project delays, the Budget provides \$6.9 million in RICAP funding to complete the Davies Healthcare classrooms project in FY2024. The architectural and engineering phase of the project occurred in FY2022 (\$500,000). The Davies Health Care Classrooms project includes building replacement space for the Health Care classrooms and eliminating the detached modular classroom building where the program is currently housed. This project was previously scheduled to begin in FY2021; however, the late passage of the FY2021 Budget delayed progress.
- **Davies School Wing Renovation:** The Budget provides \$2.5 million in RICAP funds in FY2024 and \$30.0 million in 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.
- **Met School Asset Protection:** The Budget provides \$2.6 million in FY2024 and \$2.0 million in FY2025 for asset protection projects at the Metropolitan Career and Technical Center (MET), reflecting an increase of \$634,940 in FY2024 and level funding in FY2025 relative to the FY2024 Budget as Enacted. The MET consists of three campuses: East Bay, Peace Street, and Public Street with a total of eight buildings and a storage facility totaling over 100,000 square feet. The Gallagher building is over 50 years old and in need of improvements to adequately function as a school facility. The MET previously funded asset protection projects out of the operating budget; however, due to budget reductions and restrictions, asset protection projects have been delayed, resulting in a backlog of maintenance items that need repair. The request for ongoing asset protection is based on the funding needed to provide the level of annual maintenance required by RIGL 16-7-23.

- **Davies HVAC:** The Budget provides \$1.2 million in FY2024 and \$50,000 in FY2025 to replace and repair the HVAC system at Davies. Davies recently developed a facility master plan to guide ongoing repairs and upgrades. The assessment evaluated the educational space for academic and technical programs, future enrollment patterns, energy efficiencies, building condition, traffic studies, and Americans with Disabilities Act compliance and provided an extensive list of deferred maintenance and renovation projects. However, due to the dire need in other schools around the State and the need for a substantial investment to address the major repairs at Davies, the master plan is being advanced in smaller projects. Consequently, the funding will be used to replace a chiller, and allow for replacement, as needed in areas of the school where ventilation and circulation are an issue, particularly in the 1970's portion of the school.
- **Davies Asset Protection:** The Budget provides \$500,000 in FY2024 and \$750,000 in FY2025 to address door, windows, energy efficiency, and air quality. The request for ongoing asset protection is based on the funding needed to provide the level of annual maintenance required by RIGL 16-7-23.
- **School for the Deaf Asset Protection:** The Budget provides \$448,524 in FY2024 and \$167,648 in FY2025 in asset protection funds, reflecting an increase of \$117,524 in FY2024 and a decrease of \$163,352 in FY2025 relative to the FY2024 Budget as Enacted. The request for ongoing asset protection is based on the funding needed to provide the level of annual maintenance required by RIGL 16-7-23.

Public Higher Education

Expenditures by Program	FY2023 Actual	FY2024 Enacted	FY2024 Governor	Change from Enacted		FY2025 Governor	Change from Enacted	
Office of the Postsecondary Commissioner	\$43.5	\$65.6	\$62.7	(\$2.9)	-4.4%	\$51.3	(\$14.3)	-21.8%
University of Rhode Island	906.8	993.2	968.9	(24.4)	-2.5%	1015.9	22.7	2.3%
Rhode Island College	179.4	208.5	214.9	6.5	3.1%	210.1	1.7	0.8%
Community College of R.I.	178.1	182.4	181.7	(0.7)	-0.4%	194.4	12.0	6.6%
Total	\$1,307.8	\$1,449.7	\$1,428.1	(\$21.5)	-1.5%	\$1,471.8	\$22.1	1.5%

Expenditures by Program	FY2023 Actual	FY2024 Enacted	FY2024 Governor	Change from Enacted		FY2025 Governor	Change from Enacted	
General Revenue	\$264.4	\$304.8	\$311.1	\$6.3	2.1%	\$312.0	\$7.2	2.4%
Federal Funds	10.9	43.5	23.4	(20.0)	-46.1%	5.0	(38.5)	-88.6%
Restricted Receipts	7.5	6.7	6.7	0.0	0.2%	8.7	1.9	28.8%
Other Funds	1025.1	1094.7	1086.8	(7.8)	-0.7%	1146.2	51.5	4.7%
Total	\$1,307.8	\$1,449.7	\$1,428.1	(\$21.5)	-1.5%	\$1,471.8	\$22.1	1.5%

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

Prior to January 1, 2013, higher education in Rhode Island functioned under the direction of the Board of Governors for Higher Education. The FY2013 Budget as Enacted established a new Board of Education consisting of 11 members, appointed by the Governor with the advice and consent of the Senate. The Board of Governors for Higher Education and the Board of Regents for Elementary and Secondary Education were abolished as of January 1, 2013.

The major responsibilities of the Board of Education (Board), pertaining to higher education, include the governance of public institutions of higher learning and the regulation of proprietary schools; the preparation of a public higher education budget and capital development program; and the development of policies in pursuit of the primary goals of excellence, opportunity and access, diversity and responsiveness, coordination and accountability in public higher education.

The system of public higher education consists of three major institutions located at eight different campuses across the State of Rhode Island: The University of Rhode Island (URI), Rhode Island College (RIC), and the Community College of Rhode Island (CCRI).

The FY2015 Budget as Enacted established the Council on Postsecondary Education, which has duties and responsibilities per RIGL 16-59-1 and 16-59-4, much the same as the former Board of Governors for Higher Education. Article 9 of the FY2020 Budget as Enacted shifted oversight of the University of Rhode Island from the Board of Education, Council of Postsecondary Education (Council), and the Commissioner of Postsecondary Education to a newly established Board of Trustees (URI Board) at the University. The article further transferred all the duties and responsibilities pertaining to employees, debt service, and property from the Council to the Board.

MAJOR ISSUES AND TRENDS

The FY2025 Budget includes total funding of \$1,471.8 million, representing a net increase of \$22.1 million (1.5 percent) from the FY2024 Budget as Enacted, including a general revenue increase of \$7.2 million (2.4 percent). The general revenue increase is driven primarily by a \$2.3 million increase for Dual and Concurrent Enrollment in CCRI, and a \$1.3 million increase to support the Last Dollar Scholarship. Remaining general revenue increases are driven by rising operating and personnel costs within the institutions.

The net decrease of \$38.5 million (88.6 percent) in federal funds is due primarily to the Governor's proposal to remove \$20.0 million in ARPA SFRF resources from the University of Rhode Island, originally allocated

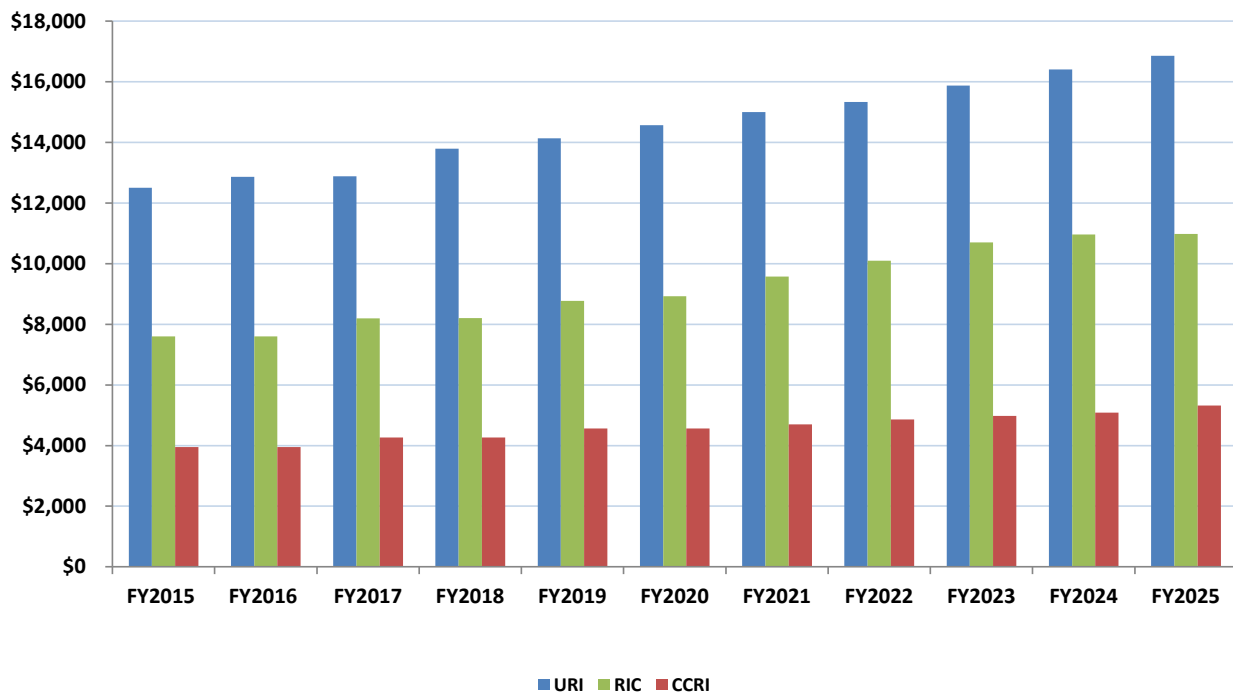
for the University’s PFAS projects. The growth in restricted receipts is driven by increased activity at the two Higher Education and Industry Centers, which are essentially self-funding.

The \$51.5 million (4.7 percent) increase in other funds is due primarily to an increase in tuition and fees at the University of Rhode Island and the Community College of Rhode Island, as well as an increase RICAP funds within CCRI. Increases include \$33.3 million in tuition at URI, \$4.6 million for tuition at CCRI, \$1.2 million in RICAP funding for the CCRI Flannagan Campus Renovations, and \$4.0 million in RICAP for the first phase of CCRI’s renovation plan. More information on these projects is provided in the “*Capital Projects*” and “*Tuition & Fees*” sections of this analysis.

Tuition and Fees

Actual tuition and fee rates, by institution, along with a projection for FY2022 and FY2023, are shown in the following graph.

In-State Undergraduate Tuition & Fees



	FY2024 Enacted	FY2024 Revised	FY2025 Request	FY2025 Enacted	Change from FY2024 Enacted	
URI						
In-State Tuition	\$14,116	\$14,116	\$14,546	\$14,546	\$430	3.0%
Out-of-State Tuition	33,512	33,512	34,534	34,534	1,022	3.0%
Mandatory Fees	2,292	2,294	2,312	2,312	20	0.9%
Tuition & Fee Revenue	\$401,060,957	\$396,184,484	\$407,309,481	\$422,477,562	\$21,416,605	5.3%
URI Enrollment						
In-State	6,797	-	-	6,791	(6)	-0.1%
Out-of-State	7,876	-	-	7,829	(47)	-0.6%
Research Assistants	0	-	-	228	228	100.0%
RIC						
In-State Tuition	\$9,481	\$9,481	\$9,765	\$9,765	\$284	3.0%
Out-of-State Tuition	25,014	25,014	25,764	25,764	750	3.0%
Northeast Neighbors Program	14,221	14,221	14,648	14,648	427	3.0%
Mandatory Fees	1,505	1,485	1,535	1,535	30	2.0%
Tuition & Fee Revenue	\$60,079,836	\$60,605,370	\$63,824,654	\$66,095,437	\$6,015,601	10.0%
RIC Enrollment						
In-State	4,167	-	-	4,278	111	2.7%
Out-of-State	724	-	-	750	26	3.6%
CCRI						
In-State Tuition	\$4,855	\$4,855	\$5,074	\$5,075	\$219	4.5%
Out-of-State Tuition	13,740	13,740	14,358	14,358	618	4.5%
Mandatory Fees	470	470	476	476	6	1.3%
Tuition & Fee Revenue	\$57,360,553	\$55,794,732	\$54,441,040	\$58,965,800	\$1,605,247	2.8%
CCRI Enrollment						
Total	7,698	-	-	7,698	0	0.0%

In FY2025, URI is projecting an increase in tuition and fee revenue of \$21.4 million (5.3 percent), based on an increase in undergraduate in-state tuition of \$430, or 3.0 percent; out-of-state tuition of \$1,022, or 3.0 percent; and, an increase in mandatory fees of \$20, or 0.9 percent. The Governor's Budget included an additional \$15.2 million to the request, assuming that the University will earn more in tuition and revenue than requested. However, the University is unaware of any additional revenue streams driving that projection.

RIC projects an increase in tuition and fee revenue of \$6.0 million, or 10.0 percent, based on a projected increase in enrollment of 2.8 percent, relative to the FY2024 projection. CCRI projects an increase in tuition and fee revenue of \$1.6, or 2.8 percent, relative to the FY2024 projection, based on a projected level of enrollment, and an increase in in-state tuition of \$219, or 4.5 percent; an increase in out-of-state tuition of \$618, or 4.5 percent; and, an increase in mandatory fees of \$6, or 1.3 percent. The changes from the FY2024 Budget as Enacted are shown in the preceding table.

State Support for Public Education

When looking at state support for public higher education, many policy makers tend to take a regional approach. For example, if looking at New England, Rhode Island has the third lowest appropriation per pupil in the region. In FY2022, the most recent data available, Connecticut appropriated \$8,035 more per student FTE than Rhode Island and Massachusetts appropriated \$3,721 more. Based on Rhode Island's FY2022 FTE enrollment of 27,262, the difference in per-student FTE appropriation between Rhode Island and Massachusetts is \$101.4 million.

However, on a national perspective in FY2021, the District of Columbia appropriated \$20,395 more per student FTE than Rhode Island. The chart that follows is from the State Higher Education Executive Officers Association (SHEEO) and

FY2022 State Educational Appropriations per FTE	
Connecticut	\$14,827
Massachusetts	10,513
Maine	8,938
Rhode Island	6,792
Vermont	6,363
New Hampshire	3,699
Regional Average	\$8,522

Source: State Higher Education Executive Officers (SHEEO)

Not inclusive of capital investments

illustrates state 2022 appropriations to public higher education based on student FTEs. The State of Rhode Island appropriates \$3,445 less per student than the national average.

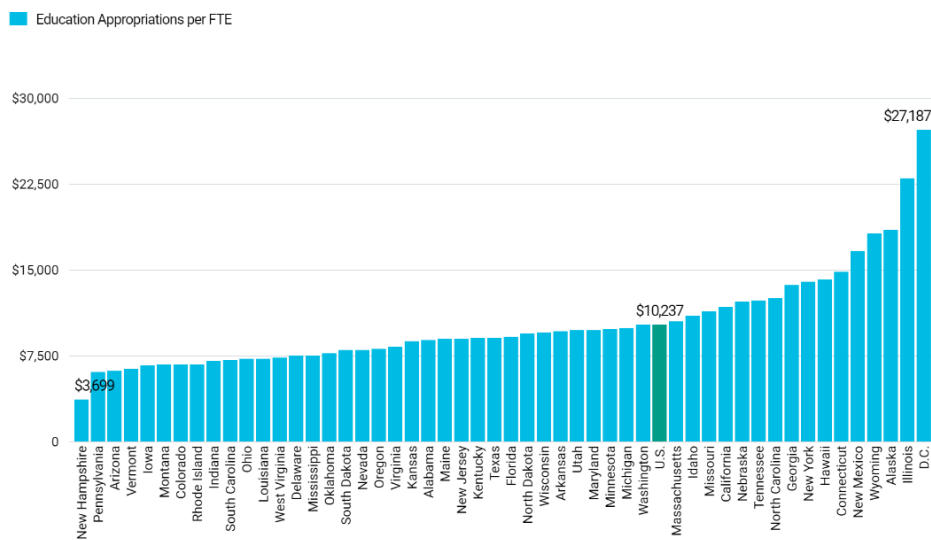
The previous funding comparisons are not inclusive of Capital Investments. According to the State Higher Education Executive Officers Association (SHEEO), Rhode Island appropriated a total of \$32.6 million in capital appropriations, ranking third behind Connecticut and Massachusetts, and spending \$56.4 million less than the regional average. In FY2022, Rhode Island spend \$118.0 million less in capital appropriations than Massachusetts and \$285.9 million less than Connecticut.

FY2022 Capital Appropriations	
Connecticut	\$318,590,831
Massachusetts	150,680,799
Rhode Island	32,660,628
New Hampshire	21,027,059
Maine	8,267,950
Vermont	3,500,000
Regional Average	\$89,121,211

In FY2025, the three state institutions requested a \$21.8 million increase in State general revenue support, excluding general obligation debt service. The Budget provides \$7.2 million in additional funding, excluding general obligation debt service.

Source: State Higher Education Executive Officers (SHEEO)

Public Higher Education Appropriations per FTE by State, FY 2022 (Adjusted)



- Notes:
1. Education appropriations are a measure of state and local support available for public higher education operating expenses and student financial aid, excluding appropriations for research, hospitals, and medical education. Education appropriations include federal stimulus funding.
 2. The U.S. calculation does not include the District of Columbia.
 3. Fiscal year 2022 net FTE enrollment is estimated for Arkansas and education appropriations for Illinois and Texas include estimated local appropriations.
 4. Constant 2022 dollars adjusted by the Higher Education Cost Adjustment (HECA).
 5. Adjusted to account for interstate differences using the Enrollment Mix Index (EMI).
 6. Adjusted to account for interstate differences using the Cost of Living Index (COLI). The COLI is not a measure of inflation over time.

Source(s): State Higher Education Executive Officers Association

OFFICE OF THE POSTSECONDARY COMMISSIONER

Expenditures by Source	FY2023 Actual	FY2024 Enacted	FY2024 Governor	Change from Enacted		FY2025 Governor	Change from Enacted	
General Revenue	\$16.7	\$30.1	\$27.1	(\$3.0)	-10.1%	\$30.6	\$0.5	1.7%
Federal Funds	8.5	23.5	23.4	(0.0)	-0.1%	5.0	(18.5)	-78.9%
Restricted Receipts	6.7	5.9	5.9	0.0	0.8%	7.9	2.0	33.0%
Other funds	11.6	6.1	6.2	0.1	2.4%	7.8	1.8	28.7%
Total	\$43.5	\$65.6	\$62.7	(\$2.9)	-4.4%	\$51.3	(\$14.3)	-21.8%

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

The mission of the Office of the Postsecondary Commissioner (OPC), formerly the Office of Higher Education, is to support the work of the Board of Education and the Council on Postsecondary Education in providing an excellent, accessible, and affordable system of higher education designed to improve the educational attainment of Rhode Island citizens, support economic development, and enrich the civic, social, and cultural life of the residents of the State. The Commissioner works with the presidents of the state higher education institutions to determine the benefits or disadvantages of proposed new programs, departments, courses of study, and policies with the scope and role adopted by the Council on Postsecondary Education. The OPC also supports specific programs, such as early college access and veterans' affairs. The FY2016 Budget as Enacted created a new Division of Higher Education Assistance (DHEA) within the Office of the Postsecondary Commissioner and eliminated the Rhode Island Higher Education Assistance Authority. The OPC provides research, policy, and fiscal analysis, and seeks to ensure that higher education in Rhode Island remains economically and geographically accessible.

The Budget provides 45.0 FTE positions for the OPC in FY2024, including 1.0 FTE that is third-party funded. This represents an increase of 11.0 FTE positions from the FY2023 Budget as Enacted. The increase is due to the addition of 7.0 FTE positions for the Rhode Island Longitudinal Data System (RILDS), including 4.0 sponsored research positions transferred from URI; 3.0 FTE positions for the Rhode Island Reconnect program; and 1.0 FTE Director of P-20 Readiness and Transition position. Of the 45.0 positions provided, 11.0 are available only for the State's Higher Education Centers located in Woonsocket and Westerly, and 10.0 for the Nursing Education Center.

Office of the Postsecondary Commissioner	General Revenue
FY2024 Enacted	\$30,102,355
<i>Target and Other Adjustments</i>	63,292
Dual Enrollment	2,300,000
Shepard Building Parking Contract	(2,195,679)
Last Dollar Scholarship	1,295,000
RI Promise Scholarship	(689,994)
Hope Scholarship	(624,500)
Personnel Adjustments	217,384
Centralized Services (statewide adjustments)	154,322
FY2025 Governor	\$30,622,180

Central Management	Other Fund Changes
ARPA SFRF Funds (federal funds)	(\$15,000,000)
Higher Education and Industry Centers- Operations (restricted receipts)	1,937,368
Westerly Education Center Expansion (RICAP)	1,220,000

Dual Enrollment**\$2.3 million**

The Budget shift \$2.3 million in reserve funds to general revenue as all funds that supported this program are exhausted or insufficient. The Budget assumes that this account will continue to be supported by general revenue in the outyears.

Pursuant to RIGL 16-100, Rhode Island began offering the Dual Enrollment program, which allows students to take college courses to earn credits at both secondary and higher education institutions. In 2015, the Board of Education adopted provisions that ensure that all Rhode Island high school student have the opportunity to access college level work while still in high school. All three of the State institutions offer dual enrollment courses.

According to a study conducted by the Education Commission of the States (ECS), dual enrollment programs have been proven to positively impact prospective students by preparing them to meet and maintain college readiness benchmarks. Students who are dually enrolled maintain higher GPAs, are more likely to enter college after high school graduation, and complete an undergraduate degree within four to six years. Dual enrollment also increases second year retention rates.

Shepard Building Parking Contract**(\$2.2 million)**

The Budget includes \$2.2 million in general revenue savings to account for changes in the parking contract within the Shepard Building.

In 2023, the Office relocated from State-owned offices on Jefferson Boulevard in Warwick to the Shepard Building in Providence, joining several State agencies that were already housed there. The State contracts with the Rhode Island Convention Center to provide parking for the employees working at the Shepard Building. This contract has been renegotiated to accommodate the OPC, with each resident agency paying their portion of the parking costs. Similarly, Shepard Building maintenance costs are to be shared by each State agency. Prior to the Office's relocation, URI inhabited the building with OPC financing the costs of parking for the University. Changes to the contract offset the Offices expenditures, resulting in the \$2.2 million savings.

Last Dollar (Promise I) Scholarship Fund Source**\$1.3 million**

The Budget shifts \$1.3 million in reserve spending used for college scholarships from the Division of Higher Education Assistance (DHEA) to general revenue. Shifting scholarship funding to general revenue will provide full funding to programs in FY2025. Based on current projections, however, there will not be sufficient funding for the Dual/Concurrent Enrollment program and the RI Last Dollar (Promise I Need-Based) Scholarship program in FY2026.

**Office of the Postsecondary Commissioner
Projection of DHEA Revenues/Expenses for FY2023 through FY2026**

	FY2023	FY2024	FY2025	FY2026
Revenues	Actual	Projected	Recommended	Projected
Reserves ¹	\$11,352,952	\$3,388,915	\$112,000	\$66,400
CollegeBound Fund Fees (from Treasurer)	4,251,710	4,523,170	3,500,000	3,200,000.0
Total	\$15,604,662.0	\$7,912,085.0	\$3,612,000.0	\$3,266,400.0
Expenditures				
Promise 1 Scholarship	(\$9,595,000)	(\$4,795,000)	(\$3,500,000)	(\$3,200,000)
Dual/Concurrent Enrollment (CollegeBound Fees) ²	(2,420,746)	(2,750,000)	-	
Personnel Expenses (DHEA Reserves)	(200,001)	(255,085)	(45,600.0)	(43,600.0)
Total	(\$12,215,747)	(\$7,800,085)	(\$3,545,600)	(\$3,243,600)
Ending Balance	\$3,388,915	\$112,000	\$66,400	\$22,800

Source: Reserves and expenditure projections from OPC and the FY2025 database. CollegeBound Fee projections from the General Treasurer's Office.

¹ Any unused CollegeBound fund fee revenue is deposited into the Reserves account for future use. FY2024 balance as provided by OPC on 3.22.2024

² The FY2025 Governor's Recommended Budget assumes that Dual Enrollment will be funded by General Revenue

* The FY2023 Budget as Enacted provided a one-time \$9.6 million infusion of general revenue

On December 6, 2017, the Council on Postsecondary Education voted to authorize the Commissioner to transfer the Federal Family Education Loan Portfolio to the United States Department of Education. The transfer was completed in FY2018; consequently, the Division of Higher Education Assistance (DHEA) no longer receives any guaranty agency fee revenues. Without the revenues, the reserves balance declines and will be exhausted in FY2025. Pursuant to RIGL 16-57-6.1(b) and 16-56-6, CollegeBound Fund fees must be used for need-based grant programs; thereby limiting the use of these funds. Additionally, revenues from the CollegeBound fund are expected to decline due to the raising average age of participants and smaller contributions. The revenues are based on the amount of assets under management.

As the average age of the participants increases and participants enter college, they will withdraw assets. Furthermore, the new, younger participants are not joining in the numbers needed to offset withdrawals, and these new participants are generally making smaller contributions to their savings plans. Historically generating about \$6.0 million annually, the General Treasurer projects revenue to decline to \$4.0 million in FY2024, \$3.5 million in FY2025, and \$3.2 million in FY2026. These revenues are used to partially support the need-based Promise I grant program.

Rhode Island Promise Scholarship Program (\$689,984)

The Budget includes \$7.8 million in general revenue, a decrease of \$689,984, to fund the Rhode Island Promise Scholarship program (RI Promise). Article 3 of the FY2018 Budget established the program to provide students with two years of tuition and mandatory fees at the Community College of Rhode Island (CCRI), less federal and all other financial aid available to the recipient. The decrease is due to updated enrollment projections for the 2024-2025 school year. The program was scheduled to sunset with the high school graduating class of 2021; however, 2021-S-0079 Sub A eliminated the sunset and made the program permanent.

Hope Scholarship - RIC (\$624,500)

In an effort to increase the number of students enrolling and completing four-year degrees and certificates on time, Article 8 of the FY2024 Enacted Budget established the Hope Scholarship Pilot program. The pilot program began with students who enroll in Rhode Island College (RIC) in the fall of 2023 and students enrolled in RIC as of July 1, 2021, who have attained junior status as of July 1, 2023. Students who enrolled as of July 1, 2022, and have attained junior status at RIC as of July 1, 2024 are also eligible if they are in compliance with the other requirements such as credit attainment and grade point average.

The scholarship covers the cost of up to two years of tuition and mandatory fees for the junior and senior years of the student, or for adult students who have attained at least 60 credit hours. While the eligibility requirements are very similar to the Promise II Scholarship program at the Community College of Rhode Island, students cannot receive an award under both programs. The Budget includes \$4.0 million in general revenue for this program in FY2024 and \$3.4 million in FY2025.

The scholarship is modeled after the Rhode Island Promise Scholarship and requires the timely accrual of credit hours and grade point average of 2.5 or greater; however, the Hope Scholarship is available to adult students and allows for the completion of the necessary 60 credit hours over four years, instead of two. While not defined within the statute, RIGL 16-112, adult students are generally 25 years of age and older.

The Article requires annual reporting, as with the Rhode Island Promise Scholarship program, beginning in November 2023. The November reports will project the cost of the program for the current and following fiscal year and be submitted to the Office of Management and Budget, the State Budget Officer, the House Fiscal Advisor, the Senate Fiscal Advisor, the Commissioner of Postsecondary Education, and the Chair of the Council on Postsecondary Education. A report evaluating the program will be submitted annually on or before July 1 to the Governor, the Speaker of the House, and the President of the Senate.

The Council on Postsecondary Education is authorized to promulgate rules and regulations for the program, while RIC will establish appeal procedures for the award, denial, or revocation of scholarship funding. The Hope Scholarship program began on July 1, 2023, and sunsets on July 1, 2028, unless further action is taken by the General Assembly.

Personnel Adjustments

\$217,384

The Budget includes a general revenue increase of \$217,384 for personnel adjustments, shifting funding from the DHEA reserves, which are soon to be exhausted, to general revenue to cover the costs of the Chief Financial Officer and the Director of Program Administration. In FY2025, general revenues will support the entire Office.

ARPA SFRF Funding Changes (federal funds)

(\$15.0 million)

The Budget includes a \$15.0 million decrease in federal funds due to a one-time federal ARPA SFRF appropriation in FY2024, that does not reoccur. . According to the Department of Administration, the State must appropriate all ARPA funds by December 31, 2024, and spend them by December 31, 2026, in order to comply with U.S. Treasury rules. These funds supported RI Reconnect, the Fresh Start Scholarship, and RIC's Cybersecurity Center.

	FY2024	FY2025	Change from
ARPA SFRF Fund Changes	Enacted	Governor	Enacted
RI Reconnects	\$8,000,000	\$0	(\$8,000,000)
Fresh Start Scholarship	5,000,000	-	(5,000,000)
RIC Cybersecurity Center	2,000,000	-	(2,000,000)
Total	\$15,000,000	\$0	(\$15,000,000)

Higher Education and Industry Centers – Operations (restricted receipts)

\$1.9 million

The Budget includes a \$1.9 million restricted receipt increase to support the Westerly and Woonsocket Education and Industry Centers. These funds support 1.0 new FTE coordinator position for the Westerly Education Center. They also support funding for contracted training programs, supplies and expenses, and janitorial services. According to the Office, the center has seen an influx of utilization since it has opened, requiring increased funding and an additional FTE position to maintain the building.

UNIVERSITY OF RHODE ISLAND

Expenditures by Source	FY2023 Actual	FY2024 Enacted	FY2024 Governor	Change from Enacted		FY2025 Governor	Change from Enacted	
General Revenue	\$121.9	\$138.8	\$144.7	\$5.9	4.3%	\$142.2	\$3.4	2.4%
Federal Funds	-	20.0	-	(\$20.0)	-100.0%	0.0	(20.0)	-100.0%
Other funds	784.9	834.4	824.1	(\$10.3)	-1.2%	873.7	39.3	4.7%
Total	\$906.8	\$993.2	\$968.9	(\$24.4)	-2.5%	\$1,015.9	\$22.7	2.3%

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

The University of Rhode Island (URI) was founded in 1888 as an agricultural school known as the Rhode Island College of Agriculture and Mechanic Arts. The college was actually the second State college established in Rhode Island. The Agricultural Experiment Station building was the first structure on campus, and was built in 1889: the building was later renamed Taft Hall. Today, Taft Hall houses internship, international exchange, and foreign student programs. In 1955, the school became known as the University of Rhode Island.

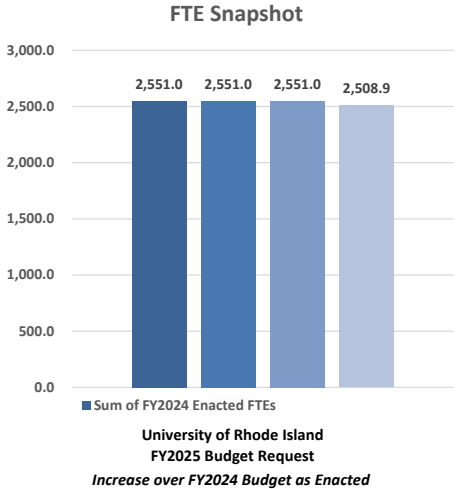
URI evolved beyond its genesis as a land grant and agricultural school, and today has retained a focus on biological and natural sciences, along with a developing focus on technology in areas such as ocean engineering, chemistry, pharmacy, economics, nursing, and renewable energy. URI has the third oldest continuously operating marine laboratory in the United States, the oldest turfgrass research program in the country, and has implemented green building technology in the expansion and renovation of its facilities. URI provides Bachelor’s, Master’s, and Doctorate level degrees. URI has four campuses: the 1,250-acre Kingston Campus; the 153-acre Bay Campus in Narragansett; the Providence Campus, located in the Shepard Building on Washington Street in Providence; and, the W. Alton Jones Campus located on 2,300 acres in West Greenwich. The Budget provides 2,551 FTE positions, including 353.8 positions that are third party funded, consisted with the FY2024 Enacted Budget.

Major Issues and Trends

The URI Board of Trustees requested a 3.0 percent (\$430) increase for in-state tuition and 3.0 percent (\$1,022) increase for out-of-state tuition. There is a net increase in mandatory fees of 0.9 percent (\$20).

In addition to the 3.5 percent increase in tuition and fee revenue, URI requested a general revenue, state appropriation increase of \$23.3 million (12.0 percent relative to the FY2024 Budget as Enacted) excluding general obligation debt service. The increase in state appropriation is to support \$25.0 million in cost increases associated with the current service level and additional \$14.3 million in new initiatives. While approving the tuition and fee increase, the Budget provides a state appropriation increase of \$1.9 million, excluding debt service for general obligation bonds.

The FY2024 Enacted Budget included \$6.2 million for the Universities operating deficit. While the Universities requested budget reflects a \$4.1 million operating deficit in FY2025, the Board of Trustees decided to utilize reserve funds to mitigate the burden of the deficit, resulting in no net gain/loss.



Revenue Initiative	Amount	Percentage Change
State Appropriation ¹	\$23.3	12.0%
Tuition and Fees	17.9	3.5%
All Other	(12.1)	-4.3%
Total	\$29.1	2.9%
Expenditure Initiatives		
Maintain Current Services	\$25.0	7.4%
Personnel (COLA/Contractual)	27.3	6.5%
Operating	15.5	8.1%
Student Aid	9.1	3.5%
Capital	(28.9)	-34.9%
Non-GO Debt Service	1.9	7.4%
FY24 Operating Deficit	(\$4.1)	n/a
Use of Fund Balance	4.1	n/a
Net Gain/Loss	\$0.0	
New Initiatives	\$14.3	
Life Sciences Facility	3.0	n/a
Academic Advisors	2.0	n/a
Foster an Inclusive Culture	2.3	n/a
IT Modernization	7.0	n/a
Total	\$39.3	

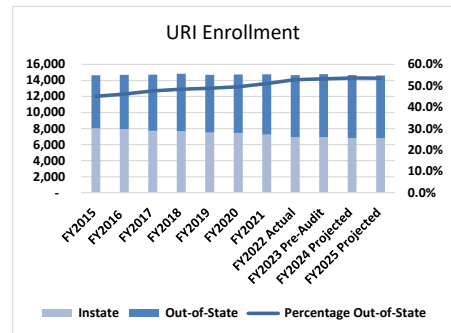
¹ Excludes G.O. debt service.
\$ in millions.

For FY2025, URI has requested \$14.3 million in funding for their four strategic initiatives related:

- **Life Sciences Facility:** The University requests funds to broaden its impact on Rhode Island’s life sciences workforce by supporting 20 new faculty.
- **Academic Advisors:** Currently, the URI’s advisor to student ration is 1:900, which is well above the standard (1:300). These funds would support 20.0 new advisors.
- **Fostering and Inclusive Culture:** These funds would support scholarship s for URI’s Talent and Diversity (TD) Program, National Guard, and Tribal programs.
- **IT Modernization:** Funds would support the installation and implementation of the new ERP System, migration to Cloud, audio and visual upgrades, and a change management office.

Enrollment

In-state enrollment is projected to be 6,791 full-time equivalent students, a decrease of 6, or 0.1 percent from the FY2024 Budget as Enacted. Out-of-state student enrollment is projected at 7,829 in FY2025, a decrease of 47, or 0.6 percent. The projected net enrollment for FY2025 reflects an overall decrease in enrollment of 53 FTEs, 0.4 percent, relative to the FY2024 Budget as Enacted. The FY2024 Revised projection reflects a net decrease of 53 students, 0.4 percent, relative to the FY2024 Enacted level.



University of Rhode Island	General Revenue
FY2024 Enacted	\$138,821,474
<hr/>	
<i>Target and Other Adjustments</i>	-
State Appropriation	3,360,839
General Obligation Debt Service	166,239
State Crime Lab	(149,112)
FY2025 Governor	\$142,199,440

State Appropriation \$3.4 million

The state appropriation for URI increases by \$3.4 million in FY2025 to a total of \$105.9 million, excluding general obligation bond debt service and the State Crime Lab. Of the total increase, \$3.3 million is to support a 2.5 percent cost of living adjustment COLA, which is reflected in the colleges settled contracts and act as a place holder for ongoing negotiations. Furthermore, \$620,711 supports the University’s share of the Enterprise Resource Planning system. As indicated in the request detailed under the “Major Issues and Trends” section, URI requested an all funds increase for current service of \$39.3 million. The Governor’s proposal recommends \$21.5 million, \$17.8 million less than requested.

General Obligation Debt Service \$2.8 million

The Budget includes \$31.6 million in general revenue for general obligation debt service at URI in FY2025 and \$31.9 million in FY2024. This is an increase of \$166,239 in FY2025 and an increase of \$119,366 in FY2024 relative to the FY2024 Budget as Enacted.

Debt Service

	FY2024 Enacted	FY2024 Final	Change from Enacted		FY2025 Enacted	Change from Enacted	
University of Rhode Island	\$31,813,173	\$31,932,539	\$119,366	0.4%	\$31,664,061	(\$149,112)	-0.5%
Rhode Island College	8,732,729	8,845,962	113,233	1.3%	8,178,392	(554,337)	-6.3%
Community College of Rhode Island	807,992	953,044	145,052	18.0%	1,054,709	246,717	30.5%
Total	\$41,353,894	\$41,731,545	\$377,651	0.9%	\$40,897,162	(\$456,732)	-1.1%

Source: Rhode Island Budget Office

Crime Lab

\$102,729

The Budget provides a decrease of \$149,112 in general revenue (\$1.8 million total) for the State Crime Lab for target and other adjustments, consistent with the requested budget.

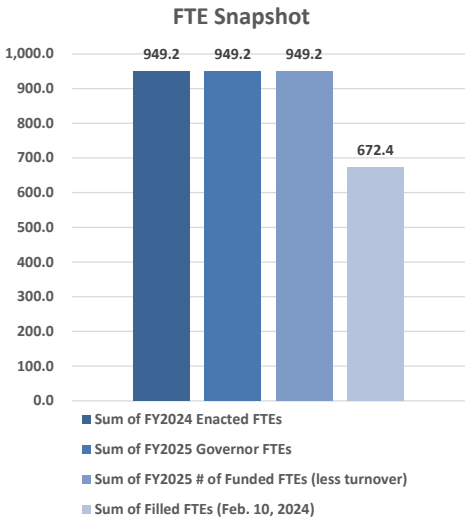
RHODE ISLAND COLLEGE (RIC)

Expenditures by Source	FY2023 Actual	FY2024 Enacted	FY2024 Governor	Change from Enacted		FY2025 Governor	Change from Enacted	
General Revenue	\$68.5	\$76.5	\$78.3	\$1.7	2.3%	\$77.9	\$1.3	1.7%
Other funds	110.8	131.9	136.7	4.7	3.6%	132.3	0.3	0.3%
Total	\$179.4	\$208.5	\$214.9	\$6.5	3.1%	\$210.1	\$1.7	0.8%

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

Rhode Island College (RIC) was established in 1854 as the Rhode Island State Normal School, with the mission of providing teacher preparation to Rhode Island residents. In 1959, RIC moved to its current campus location on 180 acres off of Mount Pleasant Avenue in Providence and was renamed Rhode Island College to reflect expanded curriculum.

Today, RIC provides comprehensive education at the Bachelor’s and Master’s level, with a focus on Rhode Island residents. Rhode Island College is accredited by the New England Commission of Higher Education, the Council on Social Work Education, National Association of Schools of Art and Design, National Association of Schools of Music, National Association of State Directors of Teacher Education and Certification, National Council for Accreditation of Teacher Education, and the Commission on Collegiate Nursing Education.



The Budget includes 949.2 FTE positions in FY2025, including 76.0 third-party funded positions, consistent with the FY2024 Budget as Enacted. As of February 10, RIC has about one third of their allotted FTE positions vacant, with a total of 672.4 FTE positions (71.0%) filled.

Major Issues and Trends

RIC’s Budget request includes a \$3.5 million increase in tuition and fee revenue compared to the FY2024 Enacted Budget. Of these funds, \$1.7 million is due to a net increase of 3.0 percent to tuition, and the remaining funds are due to an observed increase in enrollment.

According to the College, undergraduate applications, admissions, and enrollment have increased by 17.7 percent compared to recent years, totalling 213 new FTE students in the 2025-2026 school year. This observed increase in enrollment is connected to the recently enacted Hope Scholarship, which allows eligible FTE students to attend the College at no expense during their junior and senior years. Additionally, RIC has opened or is intending to open new majors in Sports Management, Biotechnology, and Cybersecurity, which attracts new students who would otherwise need to attend different colleges to study these fields. Additionally, RIC is investing in its infrastructure through the renovation and opening of the new Cybersecurity building, and new athletic fields. Due to the increase in enrollment, the College requested \$300,000 for student aid.

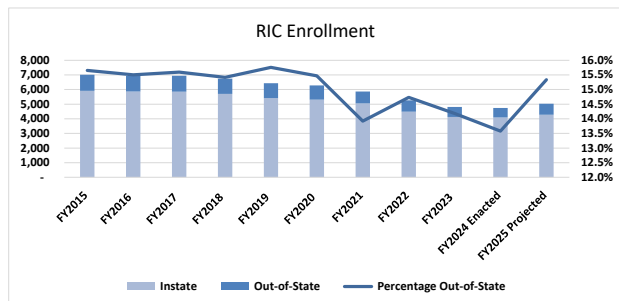
Rhode Island College FY2025 Budget Request Change to FY2024 Budget as Enacted	
Revenue Initiatives	Change
State Appropriation	\$3.6
Tuition and Fee Revenue	3.5
Total	\$7.1
¹ Excludes general obligation bond debt	
Expenditure Request	Change
Personnel investment	\$5.0
Student Aid	0.3
Technology and Operating	0.9
Total	\$6.2

\$ in million. Totals may not add due to rounding.

Of the \$6.2 million increase requested, excluding debt service for general obligation bonds, the Budget provides \$4.8 million, including \$5.4 million for personnel adjustments and \$265,009 for student aid. The Budget also includes a decrease of \$947,939 in operating expenses.

Enrollment

Total enrollment is projected to be 4,278 full-time equivalent students in FY2025, an increase of 180 students, or 4.4 percent, relative to FY2024 Enacted enrollment, and a decrease of 111 students, or 2.7 percent from the FY2024 Revised level. This enrollment projection represents estimates related to the Hope Scholarship, which was recently passed in the FY2024 Enacted Budget.



Rhode Island College	General Revenue
FY2024 Enacted	\$76,546,642
<i>Target and Other Adjustments</i>	-
State Appropriation	1,888,923
General Obligation Debt Service	(554,337)
FY2025 Governor	\$77,881,228

State Appropriation \$1.9 million

The Budget includes \$1.9 million in increased general revenue support (\$67.9 million total), excluding G.O. bond debt service. As indicated in the request detailed under the “Major Issues and Trends” section, Rhode Island College (RIC) had requested a \$3.4 million increase in the state appropriation to help support fixed costs, replace lagging tuition and fee revenue, as well as new investments in the College. The Budget provides \$1.7 million for current service costs to support a 2.5 percent COLA, which is reflected in the College’s settled contracts. These funds also act as a place holder for ongoing negotiations.

General Obligation Debt Service

(\$554,337)

The Budget provides \$8.2 million in FY2025 and \$8.5 million FY2024 for general obligation debt service at RIC funded by general revenue. This is a decrease of \$554,337 in FY2025 and an increase of \$113,233 in FY2024 relative to the FY2024 Budget as Enacted.

	Debt Service							
	FY2024 Enacted	FY2024 Final	Change from Enacted		FY2025 Enacted	Change from Enacted		
University of Rhode Island	\$31,813,173	\$31,932,539	\$119,366	0.4%	\$31,664,061	(\$149,112)	-0.5%	
Rhode Island College	8,732,729	8,845,962	113,233	1.3%	8,178,392	(554,337)	-6.3%	
Community College of Rhode Island	807,992	953,044	145,052	18.0%	1,054,709	246,717	30.5%	
Total	\$41,353,894	\$41,731,545	\$377,651	0.9%	\$40,897,162	(\$456,732)	-1.1%	

Source: Rhode Island Budget Office

COMMUNITY COLLEGE OF RHODE ISLAND (CCRI)

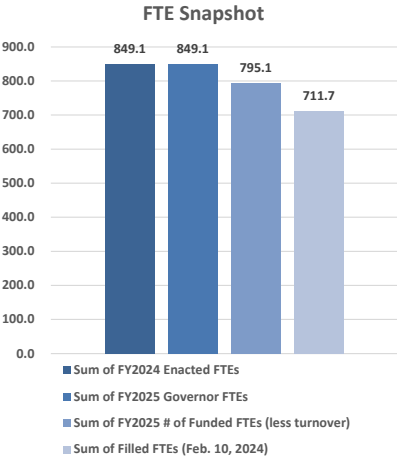
Expenditures by Source	FY2023 Actual	FY2024 Enacted	FY2024 Governor	Change from Enacted	FY2025 Governor	Change from Enacted
General Revenue	\$57.2	\$59.3	\$61.0	\$1.69	\$61.3	\$1.9
Federal Funds	2.4	-	-	-	-	-
Restricted Receipts	0.8	0.8	0.8	(0.0)	0.8	(0.0)
Other funds	117.8	122.2	119.8	(2.4)	132.3	10.1
Total	\$178.1	\$182.4	\$181.7	(\$0.7)	\$194.4	\$12.0

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

The Community College of Rhode Island (CCRI) was established by the General Assembly in 1960 as Rhode Island Junior College. The first class of 325 students enrolled at a temporary Providence location in the fall of 1964. CCRI has provided a variety of career, technical, and academic programs and has established partnerships with businesses and non-profit organizations to provide worker training.

Today, CCRI has four main campuses: the 205-acre Knight Campus in Warwick; the 300-acre Flanagan Campus in Lincoln; the 7-acre Liston Campus in downtown Providence; and the 5-acre Newport County Campus in Newport. In addition, CCRI holds classes in the Westerly Higher Education and Industry Center.

The Budget includes 849.1 FTE positions in FY2024 and FY2025, including 89.0 third-party funded FTE positions, consistent with the enacted level.



Major Issues and Trends

CCRI’s budget request includes a 1.3 percent increase in tuition and mandatory fees, with total tuition and fee revenue estimated to increase by \$735,167 (1.3 percent) from the FY2024 Enacted level, or \$2.4 million (4.6 percent) from the FY2024 Revised level. The state appropriation request increases by \$9.5 million (17.0 percent) to \$63.5 million.

- **CCRI Advantage:** The request includes \$4.0 million in general revenue to support the Advantage program. This program targets students in developmental education programs and enrolls them in non-credit bearing courses to enhance reading, math, and writing skills. Eligible students are enrolled in this program prior to enrolling in credit bearing classes. According to the College, about

half of incoming first-time students are assessed as needing developmental education in on content area, another 20.0 percent require developmental education in two content areas. This program will result in a reduction of \$3.6 million in revenue. The College requests the \$3.6 million as back fill and an additional \$427,500 in funds for miscellaneous expenses related to the program.

- Early College Opportunities:** The College requests \$3.0 million in general revenue to support early college programs which will help predict future enrollment through engagement with students and families. The proposal has five components; expanding dual enrollment, expanding summer and afterschool programs, increasing equity through the purchase of technology, course material, meals, and transportation; establishing a gateway to college, and enhancing family engagement.

Early College Programs	
Summer Dual Enrollment	\$250,000
Summer and After School Enrollment	\$250,000
Early College Equity	\$1,000,000
Gateway to College	\$1,000,000
Family Engagement	\$500,000
Total	\$3,000,000

\$ in millions

The expenditure request includes funding to support current services and \$5.9 million for strategic priorities.

- Student Aid:** \$200,000 is consistent with the tuition and fee increases at the College. For FY2025, student aid and waivers are expected to be 10.0 percent of the tuition and fee revenue.
- Personnel Investment:** \$5.2 million is requested to support contractually obligated salaries and COLAs, as well as a placeholder for ongoing negotiations.
- Technology and Other Operating:** \$450,000 is requested to expand to a cloud-based data system and upgrade financial reporting systems. The request includes 1.0 new FTE position within the College’s cap.

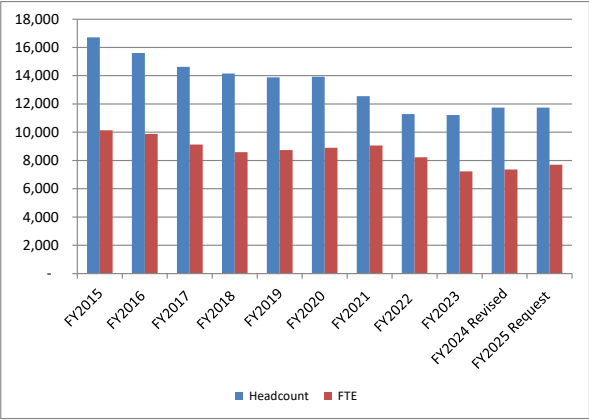
Community College of Rhode Island FY2025 Budget Request Change to FY2024 Budget as Enacted	
Revenue Initiatives	Amount
Tuition and Fees	\$2.3
State Appropriation ¹	9.5
Total	\$11.8
Expenditure Request	Amount
Student Aid	\$0.2
Personnel investment	5.2
Technology and Other Operating	0.5
Total	\$5.9

¹ Does not include G.O. bond debt service.
\$ in millions

The Governor recommends an increase of \$1.7 million in general revenue funding, excluding G.O. debt service, about 20.6 percent of the requested expenditure increase of \$11.8 million. The Budget does not include funding for any of the College’s proposed initiatives. The Budget also excludes funding requested for upgrades to the College’s data and financial reporting systems.

Enrollment

CCRI Student Enrollment				
Year	Headcount		FTE	FTE %
	Headcount	% Change		Change
FY2014	17,017	-1.9%	10,141	-2.8%
FY2015	16,718	-1.8%	9,882	-2.6%
FY2016	15,611	-6.6%	9,128	-7.6%
FY2017	14,624	-6.3%	8,593	-5.9%
FY2018	14,155	-3.2%	8,732	1.6%
FY2019	13,878	-2.0%	8,899	1.9%
FY2020	13,923	0.3%	9,065	1.9%
FY2021	12,549	-9.9%	8,231	-9.2%
FY2022	11,290	-10.0%	7,224	-12.2%
FY2023	11,223	-0.6%	7,365	2.0%
FY2024 Revised	11,736	4.6%	7,698	4.5%
FY2025 Request	11,736	0.0%	7,698	0.0%
10-Year Average	14,099	-4.2%	8,726	-3.3%



The table shows the actual student enrollment, both by headcount and by FTE, from 2014 through 2025, and a projection for 2024 and 2025. In FY2025, the College expects enrollment to be level with the FY2024 Revised levels.

Community College of Rhode Island	General Revenue
FY2023 Enacted	\$57,098,581
<i>Target and Other Adjustments</i>	-
State Appropriation	2,633,796
General Obligation Debt Service	(597,307)
FY2024 Governor	\$59,135,070
State Appropriation	\$2.6 million

State general revenue support for CCRI increases by \$2.6 million in FY2024 to a total of \$58.3 million, excluding general obligation bond debt service. As indicated in the request detailed under the “Major Issues and Trends” section, CCRI requested an increase of \$7.7 million over the FY2023 Budget as Enacted to support current services and strategic priorities. The Governor’s recommendation includes \$1.7 million for current services, \$328,412 for the Student Services request, and \$543,528 for the Technology and Other Operating increases excluding advertising and printing the report. In addition, \$2.5 million is provided through the Office of the Postsecondary Commissioner for the new Fresh Start Scholarship program requested by CCRI.

General Obligation Debt Service (\$597,307)

The Budget provides \$807,992 in FY2024 and \$1.4 million in FY2023 for general obligation debt service at CCRI funded by general revenue. This is a decrease of \$597,307 in FY2024 and an increase of \$36,180 in FY2023 relative to the FY2023 Budget as Enacted.

	Debt Service				FY2024 Governor	Change from Enacted	
	FY2023 Enacted	FY2023 Final	Change from Enacted	%			%
University of Rhode Island	\$29,049,378	\$29,302,462	\$253,084	0.9%	\$31,813,173	\$2,763,795	9.5%
Rhode Island College	6,002,565	6,219,501	216,936	3.6%	8,732,729	2,730,164	45.5%
Community College of Rhode Island	1,405,299	1,441,479	36,180	2.6%	807,992	(597,307)	-42.5%
Total	\$36,457,242	\$36,963,442	\$506,200	1.4%	\$41,353,894	\$4,896,652	13.4%

Source: Rhode Island Budget Office

CAPITAL PROJECTS

The Budget includes a total of \$88.8 million in capital expenditures from Rhode Island Capital Plan (RICAP) funds in FY2024 and \$102.7 million in FY2025, including the following.

- **URI, RIC, CCRI – Asset Protection:** Asset Protection projects are budgeted from Rhode Island Capital Plan funds (RICAP) and are used to maintain and repair facilities, including roads, buildings, and infrastructure. The asset protection program includes a number of projects at various facilities, and allows each school to shift funding based on current priorities. In FY2025, there is a total of \$22.5 million, including \$14.0 million in RICAP asset protection funding for URI, \$5.8 million for RIC, and \$2.7 million for CCRI. In FY2024, the Budget includes a total of \$28.7 million in asset protection funding for URI (\$13.3 million), RIC (\$10.9 million), and CCRI (\$4.5 million).
- **URI – Athletics Complex Renewal (new project):** The Budget provides \$5.4 million in RICAP funds in FY2025 for the renovation of the Meade Stadium East Grandstands and the Slade Outdoor Track and Field. Total funding for the project is \$83.1 million over three years, including \$65.8 million in RICAP funds and \$17.3 million in University funds.
- **URI – Fine Arts Center:** This project involves the renovation and construction of an addition to the Fine Arts Center to meet current and future teaching, performance, research, and outreach requirements. Phase IA is complete. Phase IB is based on planning from Phase IA and includes the replacement of several pods serving the Art and Art History Department with a new three-story building to house studios and offices for the Art, Music, and Art History Departments. Phase II will provide upgrades to the interiors of the performance halls for Theater and Music. Phase IB and Phase II are projected to cost \$78.3 million, including \$56.3 million in general obligation bond proceeds (approved in March 2021), \$16.0 million in RICAP funds, and \$5.0 million in private funding. The Budget provides \$8.0 million in RICAP funding (\$43.1 million total) in FY2025 and \$8.0 million in RICAP funding (\$21.5 million total) in FY2024 to begin this project. The new building is projected to open for the spring 2025 semester. Phase II will commence upon receipt of the private funding to support the project.
- **URI – Bay Campus:** In addition to the \$100.0 million general obligation bond which was approved in November 2022, the Budget provides \$6.0 million in RICAP funding annually in FY2025 and FY2024 toward repairs and construction on the Narragansett Bay Campus in support of education and research for the marine disciplines.
- **URI Academic Mechanical, Electrical, and Plumbing:** The Budget provides \$1.0 million FY2025 and \$7.8 million in FY2023 to provide new HVAC systems in Fogarty and White Hall. The total project cost is \$17.9 million. Fogarty Hall, currently housing the Crime Lab and Nutrition and Food Science Department, will be renovated for administrative and academic departments. Substantial renovations will address the building envelope, mechanical systems, HVAC, as well as removing laboratory fixtures and associated utilities. White Hall, currently housing the College of Nursing, requires the upgrade of obsolete building systems and building envelope improvements, including foundation waterproofing, a drainage system, and minor cosmetic improvements.
- **URI Fire Protection Academic Phase 2:** The Budget includes \$3.9 million in FY2025 and \$3.3 million in FY2024 toward the total cost of \$8.1 million to provide safety improvements. This project involves the installation of fire-suppressing sprinkler systems, the upgrade/replacement of existing fire alarm systems, and safety improvements in academic and administrative buildings in order to comply with changes in the State Fire Code. This phase will also provide a central bank of generators to provide the necessary power back up to allow the University to shelter in place during prolonged power outages. Phase I (\$25.8 million) of this project was completed in December 2016.
- **URI PFAS Water Treatment Plant:** The Budget includes \$512,500 in FY2025 and \$1.0 million in FY2024 toward the total cost of \$20.0 million to construct a permanent water treatment plant to address the Universities elevated per- and polyfluorinated substances (PFAS) levels. Originally, these funds

were identified as ARPA SFRF funding; however, the University's capital improvement plan timetable put these time-sensitive funds at risk of being reclaimed by the federal government, instead the project will be completely funded through RICAP funds.

- **Stormwater Management:** The Budget includes \$256,338 in FY2025 and \$2.2 million in FY2024 to support stormwater improvements to existing drainage systems. According to the University, current infrastructure frequently exceeds during major flooding events, resulting in erosion and flooding to the downstream landscapes and buildings. Total estimates for the project are \$4.7 million.
- **OPC – Northern RI Education Center:** The Budget provides \$1.2 million in FY2025 to expand the RI Education Center model to Northern RI. The Woonsocket Education Center, which opened August 2022, is designed to address gaps in education and workforce development training in Northern RI. These funds, which result in an increase of \$108,746 in FY2024 Revised and \$225,635 in FY2025, support furniture, fixtures, and technology for classrooms, common areas, and administrative offices.
- **RIC – Phase III Master Plan:** Phase III of the Master Plan at RIC will complete major renovations to the Clarke Science Building, which houses the Department of Physical Sciences. The building includes several labs, two lecture halls, classrooms, and faculty offices. In March 2021, voters approved a \$38.0 million general obligation bond for this project. In addition to the bond proceeds, the Budget provides \$20.0 million in RICAP funds, including \$10.0 million in FY2024 and \$10.0 million in FY2025.
- **RIC Infrastructure Modernization:** The Budget provides \$10.3 million in RICAP funding in FY2025 and \$5.7 million in FY2024 to modernize and replace steam lines, water lines, and the electrical distribution system across the RIC campus. Improvements will address issues of water quality, limit power failures, and eliminate steam plumes throughout the campus.
- **CCRI Knight Campus Renewal:** The Budget includes \$1.4 million in RICAP funding in FY2025 for the renovation of 280,000 square feet of the 385,000 square-foot Knight Campus Megastructure, including lighting, painting, and replacement of carpeting/tile.
- **CCRI Flanagan Campus Renewal (Lincoln):** The Budget provides \$1.8 million in FY2025 and \$5.7 million in FY2024 for the renewal of the Flanagan Campus in Lincoln. This \$12.5 million project includes the modernization and code compliance upgrades to all of the science labs at the Lincoln campus, as well as the refurbishment of the exterior including heat resistance paint, window replacement, and light abatement.
- **CCRI Data, Cabling, and Power Infrastructure:** The Budget provides \$3.3 million in FY2025 and \$3.7 million in FY2024 to assess, design, and construct a modernized data cabling and power infrastructure across the four CCRI campuses. The project will upgrade network wiring infrastructure and deliver more capacity to support additional classroom technology, wireless devices and security systems, including cameras, emergency alarm systems, and HVAC control systems.
- **CCRI Renovation and Modernization Phase I:** The Budget includes \$8.0 million in FY2025 and \$16.0 million in FY2024 to modernize academic and student support spaces. The project is estimated to cost a total of \$59.5 million where \$12.0 million derive from general obligation bonds, approved in March 2021, and \$47.5 million from RICAP funds, and an additional \$12.0 million from the 2022 General Assembly. The budget exceeds original estimates by \$7.5 million due to updated cost estimates.

Rhode Island State Council on the Arts

Expenditures by Program	FY2023 Actual	FY2024 Enacted	FY2024 Governor	Change from Enacted		FY2025 Governor	Change from Enacted	
Central Management	\$3,399,617	\$3,869,758	\$3,877,350	\$7,592	0.2%	\$3,976,337	\$106,579	2.8%
Expenditures by Source								
General Revenue	\$2,129,664	\$2,292,758	\$2,303,238	\$10,480	0.5%	\$2,395,211	\$102,453	4.5%
Federal Funds	1,082,806	987,000	986,151	(849)	-0.1%	996,126	9,126	0.9%
Restricted Receipts	33,164	5,000	2,961	(2,039)	-40.8%	-	(5,000)	-100%
Other Funds	153,983	585,000	585,000	-	0.0%	585,000	-	0.0%
Total	\$3,399,617	\$3,869,758	\$3,877,350	\$7,592	0.2%	\$3,976,337	\$106,579	2.8%
Authorized FTE Levels	9.6	10.0	10.0	-	-	10.0	-	-

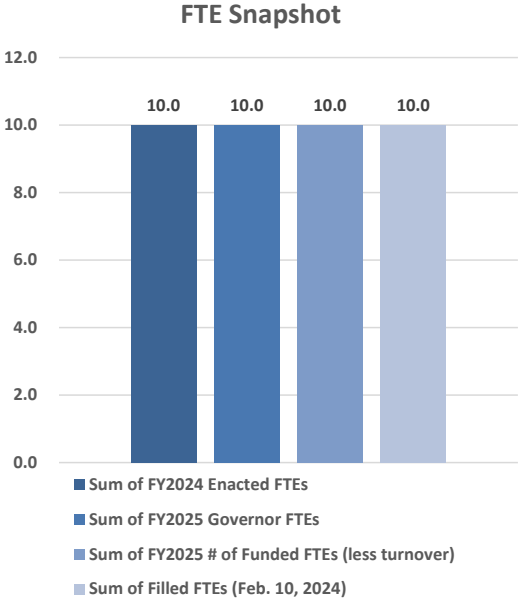
The Rhode Island State Council on the Arts (RISCA) provides grants, technical assistance and support to arts organizations, schools, community centers, social service organizations, and local governments to bring the arts into the lives of Rhode Islanders. RISCA provides these services through grant making partnerships, education, and technical assistance. RISCA also manages the Art for Public Facilities Program providing art for state facilities.

MAJOR ISSUES AND TRENDS

The Budget includes \$2.4 million in general revenues (\$4.0 million all funds), representing a general revenue increase of \$102,453 as compared to the FY2024 Budget as Enacted. This increase is due largely to the upgrading of an existing specialist position within the Council into a Deputy Director.

CENTRAL MANAGEMENT

The Rhode Island State Council on the Arts (RISCA) consists of one main program and three subprograms. Within the main Central Management program are the Grants and Operating Support subprograms and the Film Commission. The Budget authorizes and fully funds 10.0 FTE positions in FY2025, consistent with the FY2024 Budget as Enacted.



Rhode Island State Council on the Arts	General Revenue
FY2024 Enacted	\$2,292,758
<i>Target and Other Adjustments</i>	40,707
Deputy Director Public Hearing	41,910
Centralized Services (statewide adjustment)	19,836
FY2025 Governor	\$2,395,211
Rhode Island State Council on the Arts	Other Funds
Percent for the Arts	Informational
Cultural Arts and the Economy	Informational

Deputy Director Public Hearing**\$41,910**

The Budget increases general revenues by \$41,910 in FY2025 and \$29,250 in FY2024 to upgrade an Arts Program Specialist position into a Deputy Director. The position was approved following a public hearing and an internal candidate was selected for the role.

Percent for the Arts**Informational**

RISCA administers the State's Percent for Public Art Program, which was established in 1987 to expand the public experience of art, foster the development of artists, and create a more humane environment. It also services to stimulate the state's economy.

In accordance with Rhode Island General Law, at least 1.0 percent of state government capital construction costs are allocated for the acquisition of works of art to be placed in public places. The 1.0 percent is generally spent on the project from which the funds were derived; any amounts not expended by RISCA are retained to provide for the maintenance and restoration of existing works.

The following table shows recently completed, current, and future projects of the program.

1% for Public Art Program - 2011 to Present	Location	Art Project Cost
<i>Completed Projects</i>		
URI - School of Pharmacy	Kingston	\$995,020
URI - College of Engineering	Kingston	\$714,356
URI - Chemistry	Kingston	\$501,000
Wickford Junction	Wickford	\$350,000
Garrahy Parking Garage	Providence	\$300,000
Intermodal Station	Warwick	\$300,000
Attorney General	Cranston	\$265,000
Barry and Simpson Buildings, Pastore Complex	Cranston	\$215,297
Veterans Home	Bristol	\$210,000
RIC - Art Center	Providence	\$170,000
Virks Building	Cranston	\$120,000
Division of Motor Vehicles	Cranston	\$110,000
Met School	Newport	\$78,000
Pawtucket-Central Falls Train Station	Pawtucket	\$59,000
Rhode Island State Police	Lincoln	\$45,000
RIC Fogerty School of Nursing	Providence	\$45,000
Rhode Island School for the Deaf	Providence	\$43,000
National Guard Joint Force Headquarters	East Greenwich	\$35,000
URI - Harrington Hall	Kingston	\$35,000
Rhode Island Fire Academy	Exeter	\$30,000
<i>Current Projects (Budget)</i>		
URI- Fine Arts Center	Kingston	\$450,000
DCYF Female Youth Residential Home	Exeter	\$212,206
RIC Horace Mann School of Education	Providence	\$190,000
Rhode Island State Police Southern Barracks	West Greenwich	\$164,505
RIC Craig-Lee Hall	Providence	\$135,000
Office of the State Medical Examiner	Cumberland	\$55,000
Department of Labor and Training	Cranston	\$54,501
Fire Academy Phase III	Exeter	\$48,000
Pawtucket Bus Hub	Pawtucket	\$30,000
Shepard Building	Providence	\$24,000
<i>Future Projects (Budget)</i>		
RIC Clarke Science Building	Providence	\$465,000
RIC Gaije Lee Hall	Providence	\$225,000
URI - Narragansett Bay Campus Phase 1	Narragansett	\$191,000
National Guard Readiness Facility	East Greenwich	TBD
URI Narragansett Bay Campus Phase 2	Narragansett	TBD
Total		\$6,864,885

Cultural Arts and the Economy**Informational**

In March 2021, voters approved a \$6.0 million bond to continue the Cultural Arts and the Economy Grant program administered by RISCA for capital improvements, preservation, and renovation of public and nonprofit performance centers, museums, and cultural art centers. Projects supported by the bond include:

- **Trinity Repertory Company - \$2.5 million:** For the Lederer Theater and the Pell Chafee Performance Centers in Providence.
- **Rhode Island Philharmonic – \$1.5 million:** For the Carter Center for Music Education and Performance in East Providence.
- **Other Nonprofit Cultural Organizations - \$2.0 million:** These funds will be allocated by RISCA for 1:1 matching grants to nonprofit cultural organizations that lease or own their performance space and for program administration costs at RISCA.

The 2014 referenda provided funding to begin the State Cultural Arts and the Economy Grant Program. The RI Commerce Corporation, in consultation with the Rhode Island Council on the Arts, administers this program, which offers matching grants to public and non-profit historic sites, museums, artistic organizations, performance centers, and cultural arts centers for capital preservation and renovation projects. The RI Commerce Corporation developed rules and regulations to administer the program. As of July 1, 2021, there was a \$500,773 carryforward from the 2014 bond comprised of open balances on grants awarded but still open as well as a small amount of ungranted funds. This carryover was bundled into the 2021 grant cycle, bringing the bond total for this program to \$6.5 million.

As of March 13, 2024, all funds from the 2021 bond have been awarded. The funding was awarded across 25 different projects, with individual funding awards ranging from approximately \$13,000 to \$250,000. Funded projects receive reimbursement grants, meaning that organizations who receive awards must perform construction first and submit invoices with proof of payment in order to receive reimbursement. The projects are in various stages of completion and target dates are difficult to predict due to fluctuation in construction timelines, but the Council estimates that 90 percent of awards will be disbursed by the end of 2025, with the remaining 10 percent disbursing by the end of 2027. Approximately \$2.0 million has been expended, and the \$4.5 million remaining as of February 15, 2024, is allocated to specific projects but awaiting project completion before reimbursement.

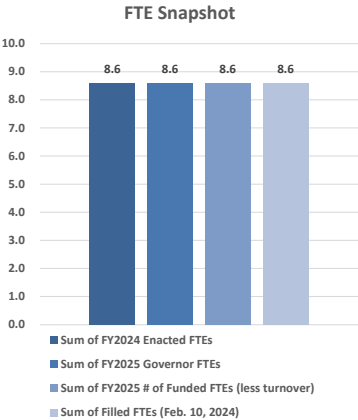
Rhode Island Atomic Energy Commission

Expenditures by Source	FY2023 Actual	FY2024 Enacted	FY2024 Revised	Change from Enacted		FY2025 Governor	Change from Enacted	
General Revenue	\$1,035,831	\$1,158,737	\$1,173,765	\$15,028	1.3%	\$1,180,419	\$21,682	1.9%
Federal Funds	206,885	-	-	-	0.0%	-	-	0.0%
Restricted Receipts	7,735	25,036	25,036	-	0.0%	25,036	-	0.0%
Other Funds	307,310	394,971	388,026	(6,945)	-1.8%	388,456	(6,515)	-1.6%
Total	\$1,557,761	\$1,578,744	\$1,586,827	\$8,083	0.5%	\$1,593,911	\$15,167	1.0%
Authorized FTE Levels	8.6	8.6	8.6	-	-	8.6	-	-

The Rhode Island Atomic Energy Commission (Commission) operates and maintains the Rhode Island Nuclear Science Center (RINSC), which is used for medical, biological, environmental, and materials research, education and commercial activities. The Commission also assists other state agencies in their radiation and emergency response programs.

RINSC operates a research reactor and provides laboratories and classrooms for research and education programs for the University of Rhode Island as well as for other colleges and universities in the State and throughout New England. In 2010, the University of Rhode Island (URI) began offering a nuclear engineering minor program of study. For students who perform well, a new nuclear engineer operating course was added in 2016 that prepares students for the operator license exam. URI is currently working to create a major in nuclear engineering. The Commission continues its collaboration with schools and universities in the State. Davies High School, Brown University physics classes, and URI mechanical design students are among those that have recently utilized the facility.

The Budget authorizes 8.6 FTE positions in FY2025 and FY2024 for the program, 1.8 of which are funded through URI for its radiation safety functions. URI funding also covers 40.0 percent of the Commission’s overhead costs, including its building maintenance and repair costs.



MAJOR ISSUES AND TRENDS

The general revenue increase in FY2024 Revised Budget and FY2025 is primarily due to the statewide adjustments and increased medical insurance costs. The other funds decrease is related to decreased grant funding for research.

Central Management	General Revenue
FY2024 Enacted	\$1,158,737
Target and Other Adjustments	960
Personnel Adjustments	20,722
FY2025 Governor	\$1,180,419

Personnel Adjustments **\$20,722**

The Budget includes a general revenue increase of \$20,722 for personnel adjustments. These adjustments are primarily associated with a 34.6 percent (\$23,518) adjustment to benefits and a 0.3 percent (\$2,053) adjustment to wages. These changes are attributable to the reclassification of 1.0 FTE Building and Grounds Coordinator position to 1.0 FTE Senior Reactor Facility Engineer position, as well as increased costs for medical benefits.

Personnel Category	FY2024 Enacted	FY2025 Governor	Change from Enacted	
Salary	\$663,416	\$665,469	\$2,053	0.3%
Benefits	67,914	91,432	23,518	34.6%
Employee Retirement	220,894	214,897	(5,997)	-2.7%
FICA	49,139	50,287	1,148	2.3%
Total	\$1,001,363	\$1,022,085	\$20,722	2.1%

CAPITAL PROJECTS

- **Asset Protection:** The Budget includes \$50,000 in Rhode Island Capital Plan (RICAP) funded asset protection projects for FY2025 and FY2024. In FY2025, projects will continue to focus on electrical upgrades. In FY2024, projects include merging the utilities and security system in the Sub-Chem Building with the rest of the facility, and refurbishing two more rooms in the office wing basement level for use as an electronic shop and for shop supply storage. Additional projects include resealing the parking lots and driveways.

Rhode Island Historical Preservation and Heritage Commission

Expenditures By Program	FY2023	FY2024	FY2024	Change from		FY2025	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Central Management	\$1.8	\$3.6	\$3.5	(\$0.1)	-1.6%	\$3.7	\$0.1	3.9%
Expenditures By Source								
General Revenue	\$1.0	\$1.9	\$1.7	(\$0.2)	-8.9%	\$1.9	(\$0.0)	-0.5%
Federal Funds	0.6	1.1	1.2	0.1	7.0%	1.3	0.1	10.5%
Restricted Receipts	0.0	0.4	0.4	-	-	0.4	(0.0)	-0.7%
Other Funds	0.1	0.1	0.1	0.0	30.0%	0.1	0.0	29.1%
Total	\$1.8	\$3.6	\$3.5	(\$0.1)	-1.6%	\$3.7	\$0.1	3.9%
Authorized FTE Levels	15.6	15.6	15.6	-	-	15.6	-	-

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

The Rhode Island Historical Preservation and Heritage Commission (Commission) operates a statewide historical preservation program that identifies and protects historic buildings, districts, structures, and archaeological sites. The Commission identifies and protects historic and prehistoric sites, buildings, and districts by nominating significant properties to the National Register of Historic Places and the State Register as well as administering grants, loans and tax credits for rehabilitation of historic buildings. The Commission also develops and carries out programs to document and celebrate the rich cultural heritage of Rhode Island’s people.

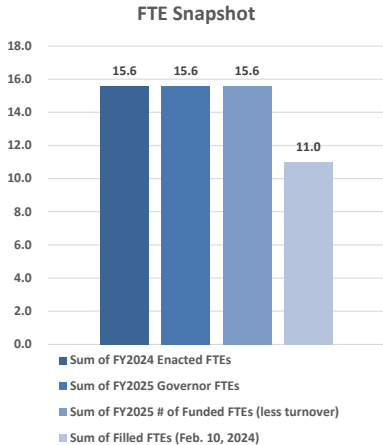
MAJOR ISSUES AND TRENDS

The FY2024 Revised Budget includes \$3.5 million in all funds, of which \$1.7 million is general revenue, \$1.2 million is federal funds, \$422,800 is restricted receipts, and \$143,833 is other funds. This reflects a decrease of \$170,545 in general revenue, an increase of \$80,587 in federal funds, and an increase of \$33,506 in other funds from the enacted budget.

The FY2025 Budget includes \$3.7 million in all funds, of which \$1.9 million is general revenue, \$1.3 million is federal funds, \$419,300 is restricted receipts, and \$142,829 is other funds. This reflects a general revenue decrease of \$7,457 and a federal fund increase of \$124,284, reflecting corrected personnel costs.

The Budget includes the continued funding of State Preservation Grant program that was recapitalized through the 2014 and 2021 general obligation bond authorizations.

The Budget authorizes 15.6 FTE positions for FY2024 and FY2025, consistent with the enacted budget.



Historic Preservation & Heritage Commission	General Revenue
FY2024 Enacted	\$1,905,557
<i>Target and Other Adjustments</i>	<i>\$4,460</i>
Personnel Adjustments	(36,210)
Operating Adjustments	15,718
Contract Services	8,575
FY2025 Governor	\$1,898,100

Historic Preservation & Heritage Commission	Other Funds
State Preservation Grant (G. O. Bond Proceeds)	<i>Informational</i>

Personnel Adjustments **(\$36,210)**

The Budget includes \$1.4 million in general revenue for personnel costs. This reflects a decrease of \$36,210 as compared to the FY2024 Budget as Enacted. The previous enacted budget included additional general revenue funding for position upgrades, including a Governor's budget amendment, which added \$215,860 in general revenue to reflect the changes in job descriptions and titles with higher paygrades. In FY2024, of the positions funded by general revenue, 7.0 FTE positions had the classifications upgraded, but 1.0 FTE position was downgraded. When calculating the personnel funding for FY2025, actual wages are less than the funding included in the FY2024 Enacted, leading to the decrease as compared to the previous fiscal year.

Operating Adjustments **\$15,718**

The Budget increases \$15,718 in general revenue for operating adjustments. This includes \$2,500 for the rental of outside property to support renting rooms and spaces to host events such as lectures or public training sessions and increasing the amount of online advertising and \$2,300 is needed for conference registration and travel costs. According to the Budget Office, these funding levels decreased during COVID-19 due to a decline of in-person events. Other small increases include higher costs for subscription fees, insurance, costs associated with staff training and costs associated with supplies and rental equipment needed for the Agency's annual Heritage Festival.

Operating Adjustments	FY2024 Enacted	FY2025 Governor	Change
Rental of Outside Property	\$7,040	\$9,540	\$2,500
Out-of-State: Registrations	-	1,100	1,100
Out-of-State: Lodging	1,800	2,500	700
Out-of-State: Transportation	700	1,200	500
All Other Operating Adjustments	79,036	89,954	10,918
Total	\$88,576	\$104,294	\$15,718

Contract Services **\$8,575**

The Budget includes \$16,575 in general revenue for contracted services. This reflects an increase of \$8,575 as compared to the FY2024 Budget as Enacted. This includes increased contract costs for photo and videography at the agency's annual Heritage Festival, expanding outreach for the conference, and supporting outreach for other agency events such as Archaeology Month.

State Preservation Grant (G.O. Bond Proceeds) **Informational**

In November of 2014, voters approved \$5.0 million in general obligation bonds to recapitalize the State Preservation Grant Program. The State Preservation Grants Program was established to improve and/or repair landmarks and historic facilities such as museums, cultural centers, theatres, and public historic sites. Through FY2022, the Commission supported 58 projects awarding \$4.6 million in funds.

In March of 2021, a statewide bond referendum passed that allocated an additional \$1.0 million to the State Preservation Grant program in general obligation bonds. The Commission is supporting 18 grants for new projects totaling \$1.2 million.

As of March 2024, a total of \$5.0 million has been disbursed to 64 projects leaving a balance of \$810,744 to be spent on the approved projects. The status of the unspent funds is as follows:

- There is \$34,879 in unspent funds from grantees that have either returned the funding or did not utilize the full amount awarded and are considered closed. The Commission has the option to reallocate those funds to another open grant that requires additional funding for that particular project.
- There are four grants that are all on track, and the projects should be completed before the June 30, 2024, deadline. The total of unspent funds for these grants is \$160,285.
- The \$122,500 grant involving the Fort Adams Trust requested an extension on the grant. The Commission is in the process of reviewing the request which depends upon the outcome of the Commission’s Architect’s site visit.
- The Commission has granted extensions on six awards with projects totaling \$493,080. When grantees request an extension, HPHC’s Commissioners must agree to the extension, or decide if additional information is needed before they can grant and extension.

The following table illustrates the State Preservation Grant awards:

State Preservation Grant Awards					
Recipient	Town	Award Amount		To be Spent	Notes
		Amount	Disbursed		
Pres. Soc. of Newport County	Newport	\$150,000	\$150,000	\$0	
La Farge Restoration Fund	Newport	150,000	150,000	-	
Newport Restoration Foundation	Newport	16,596	16,596	-	
The Providence Athenaeum	Providence	16,843	16,843	-	
Providence Public Library	Providence	150,000	150,000	-	
Trinity Restoration Inc	Providence	145,846	145,846	-	
City of Central Falls	Central Falls	150,000	150,000	-	
Town of Cumberland	Cumberland	149,041	149,041	-	
Old Slater Mill Assoc.	Pawtucket	44,500	44,500	-	
City of Woonsocket	Woonsocket	30,000	30,000	-	
Herreshoff Marine Museum	Bristol	150,000	150,000	-	
Friends of Pomham Rocks	East Providence	150,000	150,000	-	
Portsmouth Historical Society	Portsmouth	30,000	30,000	-	
Block Island SE Lighthouse Foundation	New Shoreham	150,000	150,000	-	
Town of North Kingstown	North Kingstown	-	-	-	Expired/terminated
Cocummsoc Association	North Kingstown	47,447	47,447	-	
South County Art Association	South Kingstown	29,634	29,634	-	
Orlando Smith Trust	Westerly	10,575	10,575	-	
Westerly Armory Restoration, Inc	Westerly	24,750	24,750	-	
Historic New England	Johnston	31,240	31,240	-	
Town of North Providence	North Providence	-	-	-	Expired/terminated
Town of Smithfield	Smithfield	31,950	31,950	-	
Smithfield Preservation Society	Smithfield	19,476	19,476	-	
RI Dept. of Environmental Mgmt.	Newport	150,000	150,000	-	
PPAC	Providence	150,000	150,000	-	
City of Providence	Providence	135,313	135,313	-	
City of Pawtucket	Pawtucket	106,239	106,239	-	
American French Genealogical Society	Woonsocket	150,000	150,000	-	
City of East Providence	East Providence	69,652	69,652	-	
Friends of Linden Place	Bristol	72,635	72,635	-	
Coggeshall Farm Museum	Bristol	29,707	29,707	-	
Memorial and Library Association of Westerly	Westerly	15,488	15,488	-	
Beavertail Lighthouse Museum Association	Jamestown	42,250	42,250	-	
Town of Coventry	Coventry	26,404	26,404	-	
Town of East Greenwich	East Greenwich	150,000	150,000	-	
Varnum Continentals, Inc.	East Greenwich	23,609	23,609	-	
Foster Preservation Society	Foster	29,703	29,703	-	
Newport Art Museum	Newport	150,000	150,000	-	
City of Newport	Newport	150,000	150,000	-	
Fort Adams Trust	Newport	150,000	150,000	-	
International Tennis Hall of Fame	Newport	73,188	73,188	-	
La Farge Restoration Fund	Newport	150,000	150,000	-	
The Company of the Redwood Library and Athenaeum	Newport	39,783	39,783	-	
Preservation Society of Newport County	Newport	-	-	-	Canceled/terminated
Trinity Episcopal Church	Newport	29,508	29,508	-	
Congdon Street Baptist Church	Providence	150,000	150,000	-	
Preserve Rhode Island	Providence	150,000	150,000	-	
Friends of the Music Mansion, Inc.	Providence	150,000	150,000	-	
The Providence Athenaeum	Providence	131,963	131,963	-	
Bristol Historical and Preservation Society	Bristol	75,888	75,888	-	
Town of Bristol	Bristol	150,000	150,000	-	
Historic New England	South Kingstown	39,160	39,160	-	
South County Art Association	South Kingstown	28,333	28,333	-	
North Smithfield Heritage Association	North Smithfield	88,220	88,220	-	
City of Woonsocket	Woonsocket	44,249	44,249	-	
Borders Farm Preservation, Inc.	Foster	30,000	30,000	-	
Smithfield Preservation Society	Smithfield	8,000	8,000	-	
Beavertail Lighthouse Museum Association	Jamestown	25,000	25,000	-	Emergency grant
Herreshoff Marine Museum	Bristol	112,000	-	112,000	Grant extension approved
Friends of Linden Place	Bristol	28,200	19,308	8,892	
City of Central Falls	Central Falls	150,000	-	150,000	Grant extension approved
Historic Metcalf-Franklin Farm Preservation Association	Cumberland	75,000	8,470	66,530	Grant extension approved
East Providence Historical Society	East Providence	26,860	18,717	8,143	
Foster Preservation Society	Foster	11,900	11,687	213	Grant is closed
Historic New England	Jamestown	69,000	-	69,000	
La Farge Restoration Fund	Newport	150,000	150,000	-	Grant is closed
Fort Adams Trust	Newport	122,500	-	122,500	Grant extension requested
Preservation Society of Newport County	Newport	74,250	-	74,250	
Newport Restoration Foundation	Newport	30,000	-	30,000	Funds returned
Pawtucket Public Library	Pawtucket	58,044	58,044	-	Grant is closed
City of Providence	Providence	88,500	-	88,500	Grant extension approved
Rhode Island Historical Society	Providence	48,000	43,333	4,666	Grant is closed
The Steel Yard	Providence	40,850	6,875	33,975	Grant extension approved
Scituate Preservation Society	Scituate	9,900	9,900	-	Grant is closed
South County History Center	South Kingstown	42,075	-	42,075	Grant extension approved
Clouds Hill Victorian House Museum	Warwick	50,000	50,000	-	Grant is closed
Total		\$5,829,268	\$5,018,523	\$810,744	

Source: RI Historic Preservation and Heritage Commission, March 20, 2024

Office of the Attorney General

Expenditures By Program	FY2023 Actual	FY2024 Enacted	FY2024 Revised	Change to Enacted		FY2025 Governor	Change to Enacted	
Criminal	\$22.2	\$25.2	\$26.0	\$0.8	3.2%	\$25.9	\$0.6	2.5%
Civil	6.7	9.7	9.5	(0.2)	-1.9%	9.6	(0.1)	-1.1%
Bureau of Criminal Identification	3.6	3.4	4.3	0.8	24.6%	5.0	1.6	46.6%
General	4.5	4.8	6.8	1.9	40.2%	4.9	0.1	1.9%
Total	\$37.0	\$43.2	\$46.6	\$3.4	7.8%	\$45.5	\$2.2	5.2%

Expenditures by Source	FY2023 Actual	FY2024 Enacted	FY2024 Revised	Change to Enacted		FY2025 Governor	Change to Enacted	
General Revenue	\$32.2	\$34.9	\$35.4	\$0.5	1.5%	\$35.1	\$0.2	0.7%
Federal Funds	2.4	2.9	3.2	0.3	10.4%	3.3	0.4	12.2%
Restricted Receipts	2.3	5.3	6.0	0.7	12.8%	6.9	1.6	30.8%
Other Funds	0.0	0.2	2.0	1.9	1260.0%	0.2	0.0	0.0%
Total	\$37.0	\$43.2	\$46.6	\$3.4	7.8%	\$45.5	\$2.2	5.2%

Authorized FTE Levels	249.1	264.1	264.1	-	-	264.1	-	-
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\$ in millions. Totals may vary due to rounding.

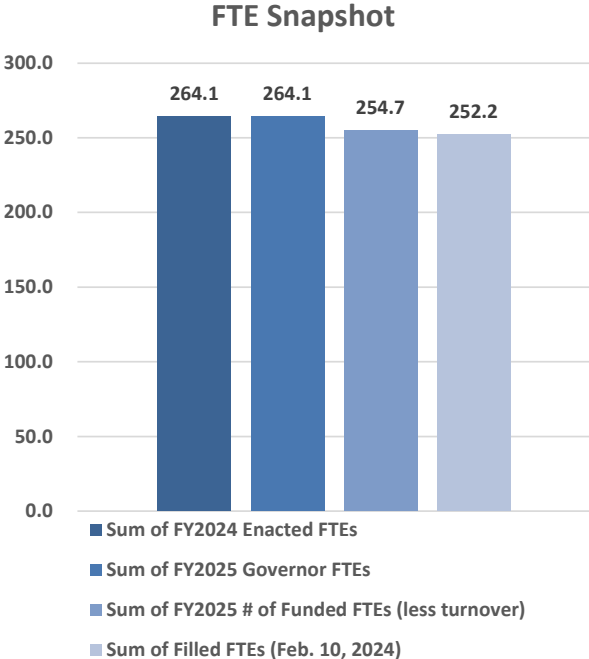
The Office of the Attorney General is the central legal agency of the State. The Office is responsible for the prosecution of all felony criminal cases and misdemeanor, appeals as well as prosecution of misdemeanor cases brought by state law enforcement in the various district courts. Additionally, as chief legal officer of the State, the Attorney General acts to protect consumers against fraudulent business practices; investigates Opens Meetings Act and Access to Public Records compliance; and, acts as the central repository for criminal history and information in the State. The Office is divided into four budget programs: General, Criminal, Civil, and Bureau of Criminal Identification.

MAJOR ISSUES AND TRENDS

The FY2024 Revised Budget includes \$46.6 million in total funding for the Office of the Attorney General, reflecting a \$3.4 million increase from the FY2024 Budget as Enacted. General revenue is increased by \$518,581 or 1.5 percent, from the enacted level to \$35.4 million. Other funds increased by \$1.9 million, reflecting a carry-forward balance related to roof repairs at the 150 South Main Street building.

The FY2025 Budget includes \$45.5 million in total funding for the Office of the Attorney General, representing an increase of \$2.2 million or 5.2 percent from the FY2024 Budget as Enacted. General revenue is increased by \$240,527 or 0.7 percent from the enacted level to \$35.1 million. The \$1.6 million increase in restricted receipts is primarily related to contracted IT support for the Office’s fingerprint management system.

The FY2024 Revised and FY2025 Recommended Budgets authorize 264.1 FTE positions, consistent with the enacted level.



CRIMINAL PROGRAM

The Criminal Program is charged with the prosecution of felony cases and misdemeanor appeals. The Program assists the Attorney General in carrying out the constitutional responsibility to prosecute all felony criminal offenses occurring in the State, as well as all misdemeanor criminal cases brought by State law enforcement agencies or appealed to the Superior Court. Specialized units focus on white-collar crime, narcotics and organized crime, firearms offenses, juvenile offenders, domestic violence and sexual assault, Medicaid fraud, and District Court offenses.

Criminal Program	General Revenue
FY2024 Enacted	\$21,038,345
<i>Target and Other Adjustments</i>	<i>81,857</i>
Body-worn Camera Software Storage	80,000
Salary and Benefits Adjustment	(26,216)
FY2025 Governor	\$21,173,986

Body-worn Camera Software Storage **\$80,000**

The Budget includes \$161,142 in general revenue to support software maintenance agreements within the Criminal Program, reflecting an increase of \$80,000 from the FY2024 enacted level. The increase reflects additional costs for the storage and maintenance of body-worn camera footage.

Salary and Benefits Adjustment **(\$26,216)**

The Budget includes \$19.0 million in general revenue to support the salary and benefits of personnel within the Office's Criminal Program, reflecting a reduction of \$26,216 from the enacted level. The reduction is primarily related to \$453,529 in turnover savings which is partially offset by increases of \$237,974 in regular wages and \$149,482 in benefits. The following table illustrates the adjustment.

	FY2024	FY2025	
Salary and Benefits	Enacted	Governor	Change
Salaries	\$11,616,323	\$11,430,069	(\$186,254)
Benefits	6,927,427	7,076,909	149,482
Statewide Benefit Assessment	473,745	484,301	10,556
Total	\$19,017,495	\$18,991,279	(\$26,216)

CIVIL PROGRAM

The Civil Program is charged with conducting the State's legal affairs and representing the State in legal proceedings. By law, the Attorney General initiates and defends actions in state and federal courts whenever warranted; ensures that representation is provided to state officers, employees, and agencies in all courts; advises state officers and agencies on legal issues; and, issues written opinions on legal issues when requested by governmental officers.

Civil Program	General Revenue
FY2024 Enacted	\$7,010,429
<i>Target and Other Adjustments</i>	<i>2,422</i>
Turnover	(87,421)
Software Upgrade	80,000
FY2025 Governor	\$7,005,430

Civil Program	Other Fund Changes
Public Utilities Commission (restricted receipts)	(\$231,867)

Turnover **(\$87,421)**

The Budget includes \$228,225 in general revenue turnover savings within the Civil Program, reflecting a savings increase of \$87,421 from the \$140,804 enacted level.

Software Upgrade **\$80,000**

The Budget includes \$188,150 of general revenue for computer supplies and software within the Civil Unit of the Civil Program, reflecting an increase of \$80,000 from the enacted level. The Office’s request indicates that the upgrade is critical to maintaining the technological infrastructure and supporting data management.

Public Utilities Commission (restricted receipts) **(\$231,867)**

The Budget includes \$333,156 in restricted receipts for the Public Utilities Commission Regulatory Unit within the Office of the Attorney General, reflecting a decrease of \$231,867 from the FY2024 enacted level. The adjustment primarily represents a salary and benefits reduction of \$227,630 related to a reduction in use. The Division of Public Utilities and Carriers (DPUC) and the Public Utilities Commission (PUC) annually paid the OAG for regulatory legal services. However, the OAG informed the Division that the Office of the Attorney General cannot provide these full-time services to the Division, despite RIGL 39-1-19. The Division provides 100.0 percent compensation to the OAG for these regulatory staff services.

BUREAU OF CRIMINAL IDENTIFICATION

The Bureau of Criminal Identification (BCI) is the state entity charged with maintaining criminal history information for crimes committed in Rhode Island. The BCI responds to criminal history records requests, analyzes and records fingerprint information, maintains pistol permits, issues security guard licenses, and conducts employee background checks. The BCI is open 24-hours per day, 7-days per week to respond to requests from law enforcement agencies throughout the country. In FY2019, the BCI moved to the Office’s new facility located at the Pastore complex. The new facility was completed in 2018 using Google forfeiture federal funds.

Bureau of Criminal Identification	General Revenue
FY2024 Enacted	\$2,145,184
<i>Target and Other Adjustments</i>	<i>1,419</i>
Salary and Benefits Adjustment	17,820
FY2025 Governor	\$2,164,423

Bureau of Criminal Identification	Other Fund Changes
Fingerprint Management System: IT Support (restricted receipts)	\$1,551,169

Salary and Benefits Adjustment **\$17,820**

The Budget includes \$2.0 million in general revenue to support the salary and benefits of personnel within the Bureau of Criminal Identification, reflecting an increase of \$17,820 from the enacted level. The following table illustrates the adjustment.

	FY2024 Enacted	FY2025 Governor	Change
Salary and Benefits			
Salaries	\$1,218,655	\$1,245,898	\$27,243
Benefits	705,511	695,011	(10,500)
Statewide Benefit Assessment	48,900	49,977	1,077
Total	\$1,973,066	\$1,990,886	\$17,820

Fingerprint Management System: IT Support (restricted receipts)**\$1.5 million**

The Budget includes \$2.3 million of restricted receipts in FY2025 for contracted IT support of the Office's Fingerprint Management System, representing an increase of \$1.5 million from the FY2024 enacted level. The Office's FY2025 budget request indicates an account balance from prior year of \$1.2 million and adds \$844,254 of new receipts. In January 2023, the Office increased the fee assessed for a national background check by \$10.00, to \$45.00, which includes a fingerprint analysis. The Office is hopeful that the increased fee in addition to federal funding will support the increased expenditures.

GENERAL DIVISION

The General Division is responsible for the overall operations of the Office. It consists of the following units: Executive, Fiscal, Personnel, Operations, Management Information Systems, and Public Information/Legislation. The Division oversees the finances of the Office, prepares and submits the Office's annual budget, and lobbies for the resources necessary for the efficient operation of the Office.

General Program	General Revenue
FY2024 Enacted	\$4,668,933
<i>Target and Other Adjustments</i>	<i>37,317</i>
ERP Maintenance and Operations Billings (statewide adjustments)	53,329
FY2025 Governor	\$4,759,579

CAPITAL PROJECTS

The Office's Capital Budget includes \$2.0 million in FY2024 and \$150,000 of Rhode Island Capital Plan (RICAP) funds in FY2025 for the Office of the Attorney General. The FY2024 funding reflects a carry-forward balance of \$1.9 million from FY2023 reflecting an extended timeline on the roof repair project. Additionally, the Office's capital budget includes federal funding received through Equitable Sharing – Forfeitures program from Department of Justice.

Renovation and Asset Protection (other funds)**(\$1.7 million)**

The Budget includes \$2.0 million of RICAP funds in FY2024 and \$150,000 in FY2025, reflecting an increase of \$1.9 million in FY2024 and no change in FY2025. The increase in FY2024 reflects funds re-appropriated to replace the roof of the Civil Division's office, located at 150 South Main Street in Providence. The replacement was necessary as the building had allowed water to infiltrate the office from the roof. The Office indicates that there were numerous administrative layers to the bidding process including testing and evaluation which created significant delays to the repair.

Equitable Sharing Capital Projects (federal funds)**\$392,397**

The Budget includes \$976,879 of federal funds from the Equitable Sharing – Forfeitures program in FY2024 and \$1.2 million in FY2025, reflecting increases of \$165,695 and \$392,397, respectively. The Office will use these funds for maintenance, furniture, and the purchase of two electric vehicles for the fleet. The equitable sharing program provides state, local, and tribal law enforcement agencies with a share of the proceeds received through their participation in a law enforcement effort.

Department of Corrections

Expenditures By Program	FY2023 Actual	FY2024 Enacted	FY2024 Governor	Change from Enacted		FY2025 Governor	Change from Enacted	
Central Management	\$20.1	\$23.4	\$24.4	\$1.0	4.3%	\$22.5	(\$0.9)	-3.7%
Parole Board	1.3	1.4	1.5	0.1	10.7%	1.5	0.1	10.4%
Custody and Security	170.7	161.6	175.0	13.3	8.2%	189.2	27.6	17.0%
Institutional Support	35.9	33.9	41.0	7.2	21.1%	41.5	7.7	22.7%
Institutional Based Rehab/Population Management	11.2	15.0	15.4	0.4	2.6%	15.3	0.2	1.6%
Healthcare Services	32.2	32.1	37.3	5.3	16.4%	36.1	4.0	12.6%
Community Corrections	20.1	21.4	22.0	0.6	2.7%	22.0	0.6	2.9%
Total	\$291.5	\$288.8	\$316.6	\$27.9	9.6%	\$328.2	\$39.4	13.6%

Expenditures by Source	FY2023 Actual	FY2024 Enacted	FY2024 Governor	Change from Enacted		FY2025 Governor	Change from Enacted	
General Revenue	\$284.3	\$281.0	\$277.4	(\$3.6)	-1.3%	\$293.7	\$12.7	4.5%
Federal Funds	2.4	2.2	23.4	21.2	954.9%	1.8	(0.4)	-18.0%
Other Funds	3.1	4.1	13.8	9.7	236.7%	31.2	27.1	661.6%
Restricted Receipts	1.8	1.4	2.0	0.6	41.8%	1.4	(0.0)	-3.2%
Total	\$291.5	\$288.8	\$316.6	\$27.9	9.6%	\$328.2	\$39.4	13.6%

Authorized FTE Levels 1,427.0 1,460.0 1,461.0 1.0 0.1% 1,461.0 1.0 0.1%

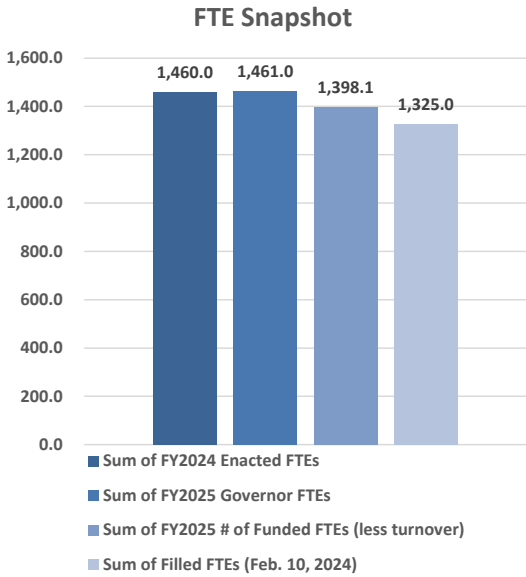
\$ in millions. Totals may vary due to rounding

The Rhode Island Department of Corrections (DOC) provides appropriate, safe, secure, and humane control of offenders, while actively assisting and encouraging offenders to become productive and law-abiding members of the community. Additionally, the Rhode Island State Parole Board is budgeted as a unit of the Department but has independent programmatic decision-making authority. Collectively known as the Adult Correctional Institutions (ACI), there are six separate occupied facilities, which have a total current capacity of 3,989 beds. In FY2023, the Department averaged 2,298 inmates (57.6 percent of capacity) housed at the ACI for the fiscal year, including 2,176 men and 122 women. The Department also provides supervision of offenders in the community (home confinement, probation, and parole).

MAJOR ISSUES AND TRENDS

The FY2024 Governor’s Revised Budget includes \$316.6 million in all funds, reflecting a \$27.9 million or 9.6 percent increase from the FY2024 Budget as Enacted. The Budget includes \$277.4 million in general revenue, representing a reduction of \$3.6 million or 1.3 percent from the FY2024 enacted level. Furthermore, the Budget includes \$23.4 million in federal funds, reflecting an increase of \$21.2 million from the FY2024 enacted level. The increase includes a \$20.0 million one-time transfer of State Fiscal Recovery Funds (SFRF) to assist in resolving the Department’s current year deficit and to further offset general revenue increases. The Budget assumes a population of 2,396, reflecting an increase of 188 from the FY2024 enacted level.

The FY2025 Governor’s Recommended Budget includes \$328.2 million in total expenditures, reflecting a \$39.4 million or 13.6 percent increase from the FY2024 Budget as Enacted. The Budget includes \$293.7 million in general



revenue, representing a \$12.7 million or 4.5 percent increase from the FY2024 enacted level. The general revenue increase largely reflects a \$6.0 million provision to the Custody and Security program to partially restore the \$6.6 million in unachieved overtime savings related to the closure of housing modules included in the FY2024 Budget as Enacted. The Department indicates that the 13 housing modules will remain open and the projected savings will not be achieved due to several factors. The Department originally cited COVID-19 protocols and preventative measures related to violent individuals as the primary rationale for the continued closure, as time progressed the primary reason shifted to an increase to the DOC's population. The FY2025 Budget assumes a population of 2,470 inmates, reflecting an increase of 192 or 8.4 percent from the FY2024 enacted level.

Due to inflation, supply chain issues, and other outside factors, the Department experienced rising costs in the periods following the COVID-19 pandemic, therefore the FY2025 Budget as Enacted assumes expenditures will be consistent with post pandemic levels. The FY2025 Budget includes a general revenue increase of \$3.7 million to support rising operating supplies and expenses. The increase in operating costs includes \$1.2 million for the Food Services Unit, and \$807,539 for the Facilities Maintenance Unit. The remaining increases are distributed throughout the Department's seven programs.

In FY2023, the Department's annual average cost per offender was \$116,054, which includes central administrative and capital costs. Of the Department's facilities, the High Security Center recorded the highest annual cost per offender of \$280,658, while The John J. Moran Medium Security Facility resulted in lowest cost per offender of \$94,765. The following table illustrates the Department's FY2023 annual average cost per offender, within each facility.

Facility	Average Population	Annual Cost per Offender†	Daily Cost per Offender†
<i>Institution Based Offenders*</i>			
Minimum	150	\$165,464	\$453.33
Medium/Moran	828	94,765	259.63
Intake Service Center	810	94,797	259.72
Maximum	307	133,980	367.07
High Security Center	80	280,658	768.93
Women's Facility	123	187,298	513.15
Total Institution Population	2,298	\$116,054	\$317.96
<i>Community Based Offenders</i>			
Probation & Parole	6,599	\$2,932	\$8.03
Home Confinement ‡	159	20,616	56.48
Total Community Population	6,758	\$3,348	\$9.17

Source: RIDOC FY2025 Budget Request

* Population reflects total average population housed in FY2023.

† Cost per offender includes administrative overhead and capital costs.

‡ Institution population includes offenders under active supervision only. It does not include banked cases, court-ordered unsupervised cases, deported cases, offenders paroled to immigration or another jurisdiction or cases pending transfer.

The Budget authorizes 1,461.0 FTE positions for FY2025, reflecting an increase of 1.0 FTE position from the FY2024 Budget as Enacted. The new position, a Deputy Chief Inspector, was transferred from the Department of Administration on a 3-day rule and will provide oversight to the Office of Internal Affairs. This administrative adjustment led to the Department of Corrections exceeding their FTE cap and the increased funding and FTE position rectifies the violation.

CENTRAL MANAGEMENT

The Central Management program houses two sub-programs, the Executive program which consists of the Office of the Director, Legal Services, and Internal Affairs, as well as the Administration Program which includes Human Resources, Management Information, Planning and Research, Policy Development and Auditing, the Training Academy and Staff Development, and Financial Resources.

Central Management	General Revenue
FY2024 Enacted	\$23,382,719
<i>Target and Other Adjustments</i>	
Training Unit: Salary and Benefit Adjustment	(940,362)
Centralized Services (statewide adjustments)	(610,472)
ERP Maintenance and Operation Billings (statewide adjustments)	335,538
Deputy Chief Inspector 1.0 FTE	194,118
Recidivism Study	Informational
FY2025 Governor	\$22,522,753

Training Unit: Salary and Benefit Adjustment (\$940,362)

The Governor recommends \$4.2 million of general revenue to support personnel expenditures within the Training Unit, reflecting a decrease of \$940,362 from the FY2024 Budget as Enacted. The Budget includes funding for three classes in FY2024 and two classes in FY2025, and the adjustment represents the removal of the training class that will not be occurring in FY2025. The Department graduated two classes in FY2023 which resulted in an additional 42 Correctional Officers. The Budget assumes 50 recruits per training class in FY2024 and the Department has recently graduated 13 and the current class is expected to graduate an additional 15. The following table illustrates the personnel adjustment in the Training Unit.

Personnel Expenditures	FY2024 Enacted	FY2025 Governor	Change from Enacted
Salaries	\$3,411,141	\$2,768,105	(\$643,036)
Benefits	1,028,364	954,996	(73,368)
Overtime	735,481	509,859	(225,622)
Correctional Officers' Briefing	781	2,445	1,664
Total	\$5,175,767	\$4,235,405	(\$940,362)

Deputy Chief Inspector 1.0 FTE \$194,118

The Governor recommends \$194,118 in general revenue to support the salary and benefits of 1.0 new Deputy Chief Inspector position in the Office of Internal Affairs. The Deputy Chief Inspector will provide additional oversight to the office, which oversees the investigations of inmates, and address the current caseload which the Department describes as unsustainable and requires additional staff.

A Human Resource Program Administrator at the Department of Administration (DOA) accepted a three-day rule position as a Deputy Chief, Inspector with the DOC. The DOA transferred the position which led to the DOC exceeding their FTE position cap. The Budget rectifies the violation by increasing the Department's FTE cap, providing funding, and keeping the employee on the three-day rule. The employee is currently serving in an acting capacity and the Department anticipates the position will be filled by the end of February 2024. The FY2024 Supplemental Budget includes a corresponding general revenue expenditure of \$191,516 for the position.

Recidivism Study Informational

Language included in Article 1 of the Budget directs the Department to conduct a study evaluating recidivism trends and the outcomes of the existing correctional programs. The study shall include regional comparisons, historical recidivism rates, significant factors impacting prison population projections, an inventory of evidence-based rehabilitative practices and programs, as well as a review of the effectiveness

of Correctional Industries programming. The Department must submit a report reflecting the study's findings to the Governor, Speaker of the House of Representatives, and the President of the Senate, by March 1, 2025.

The Department defines recidivism as “an offender who was released from a sentence at an ACI facility, who either returns as a sentenced offender or an awaiting trial detainee within 36 months of release. This includes probation and parole violators as well as newly sentenced inmates.” The Department indicates the re-commitment rate in calendar year 2023 is 45 percent, reflecting the cohort released from the ACI in 2019, and representing a 3 percent decrease from calendar year 2022.

PAROLE BOARD

The Parole Board is a six-member commission, appointed by the Governor that is charged with evaluating and authorizing the early release of inmates who meet certain conditions. The Department determines eligibility criteria, including that inmates must serve at least one-third of their sentence before being eligible for parole and must meet defined criteria post-parole and for the duration of their sentence. The Parole Board has one sub-program, the Sex Offender Community Notification (SOCN) Unit. The SOCN Unit is intended to support the sex offender leveling process, notify the community, and provide support to the Rhode Island Sex Offender Board of Review, the RI Sex Offender Registry, state and local police, as well as the public.

Parole Board	General Revenue
FY2024 Enacted	\$1,382,965
<i>Target and Other Adjustments</i>	33,463
Salary and Benefit Adjustment	110,357
FY2025 Governor	\$1,526,785

Salary and Benefit Adjustment

\$110,357

The Governor recommends \$1.4 million of general revenue to support the salary and benefits of positions within the Parole Board program, reflecting a \$110,357 net increase from the FY2024 Budget as Enacted. The adjustment includes a \$90,565 increase for personnel in the Sex Offender Community Notification Unit and a \$19,792 increase for the Parole Board Unit. The following table illustrates the net adjustment.

Personnel Expenditures	FY2024 Enacted	FY2025 Governor	Change from Enacted
Salaries	\$832,721	857,243	\$24,522
Benefits	445,396	530,999	85,603
Overtime	657	889	232
Total	\$1,278,774	\$1,389,131	\$110,357

CUSTODY AND SECURITY

The Custody and Security program is responsible for the secure custody and control of the State's inmate population to ensure the safety of staff, inmates, and the general public. The program manages six correctional institutions and one jail complex, all located in Cranston at the Pastore Center. Men's facilities include High Security, Maximum Security, the John J. Moran Medium Security Prison, Minimum Security, and the Intake Service Center. Women are housed in the Gloria McDonald. Some female inmates were previously housed in the Bernadette Guay facility; however, this facility was closed in FY2017. The program is the largest within the Department and is divided into two sub-programs: Custody, which includes all staff, activities, and food service within the facilities under the care of their respective Wardens, and the Security sub-program which includes the Central Office Warden, the Correctional Emergency Response Team, Facility Security Audit Teams, Crisis Intervention Teams, Special Investigations Unit, the Canine Unit, and a Department Armorer.

Custody and Security	General Revenue
FY2024 Enacted	\$160,215,200
<i>Target and Other Adjustments</i>	
	<i>57,696</i>
Restoration of Enacted Reduction Items	5,973,600
Salary and Benefit Adjustment	(3,087,781)
Holiday Pay	671,115
Vests	73,000
Inmate Population	Informational
FY2025 Governor	\$163,902,830

Restoration of Enacted Reduction Items **\$6.0 million**

The Budget includes \$6.0 million of general revenue to support partial restoration of the \$6.6 million of unachieved savings that were programmed into the FY2024 Budget as Enacted. The FY2024 Budget as Enacted included savings related to the closure of 13 housing modules for a 12-month period that have since been declared unachievable due to several factors such as COVID-19 protocols, preventative measures related to violent individuals, and an increase to the ACI’s population. The 13 housing modules closed include seven modules at the Intake Service Center, two modules at the Women’s facility, two double modules at the Medium Facility, and two housing modules at the Maximum Facility. The general revenue will be used to offset the Department’s overtime expenditures. The Intake Services Center and Maximum-Security facilities will receive the most support, collecting \$1.6 million and \$1.5 million respectively. The following table illustrates the adjustment by facility.

Facility	General Revenue
Intake Service Center	\$1,596,438
Maximum Security	1,540,683
Medium Security - Moran	1,107,105
Women's Facilities	1,007,884
Minimum Security	384,767
High Security	336,723
Total	\$5,973,600

The Department’s FY2023 Corrective Action Plan dated January 2023 suggests that COVID-19 protocols and the Center for Disease Control’s recommendation for the continuation of social distancing, are the primary reasons for the unachieved savings in FY2023. Additionally, the Department noted that gangs, violent inmates, transgender individuals, and the Prison Rape Elimination Act have all provided additional complications when considering the closure of housing modules. The report indicates that the Department will actively review the population and in consultation with the Department of Health, discuss the potential to close housing modules to create savings.

The Department’s FY2024 Quarter One Corrective Action Plan dated December 2023 suggests that increased population and complications related to violent inmates as the primary reasons for unachieved savings in FY2024. The Department states that “Most housing units are at full capacity, yet at times we have countless enemy, gang, transgender, and Prison Rape Elimination Act issues that we manage daily throughout our six facilities.” Furthermore, the report notes that positive COVID cases still remain a concern within the ACI, reporting a total of 65 positive cases from the start of FY2024 through December 5, 2023. The following table illustrates the percentage of housing modules filled from January 2023-December 2023.

Facility	January 2023	May 2023	December 2023	Change from January
Intake Service Center	64%	71%	79%	23.4%
High Security Center	85%	82%	88%	3.5%
Maximum	66%	75%	69%	4.5%
Medium/Moran	73%	73%	70%	-4.1%
Minimum	50%	25%	25%	-50.0%
Women's Facilities	62%	65%	59%	-4.8%

Source: RIDOC January, May, December 2023 Corrective Action Plans

Salary and Benefit Adjustment

(\$3.1 million)

The Governor recommends \$153.4 million in general revenue to support the salary and benefits of personnel within the Custody and Security program, reflecting a \$3.1 million savings from the FY2024 enacted level. The general revenue savings is reflective of vacancies and the start date for the recruits currently enrolled in the Academy. The Budget assumes that the Medium-Security and Maximum-Security facilities will generate the most savings, reflecting \$1.9 million and \$1.8 million respectively. Additionally, the savings is offset by \$1.7 million for unaccounted FICA charges related to overtime.

The Budget also includes \$1.3 million in federal funds from the State Criminal Alien Assistance Program (SCAAP), which supplements the State's cost of incarcerating undocumented criminals with at least one felony or two misdemeanors, for a minimum of four consecutive days. The federal funds are being used to offset general revenue expenditures at the Intake Service Center. The following table illustrates the general revenue savings.

Salary and Benefits	FY2024 Enacted	FY2025 Governor	Change from Enacted
Salaries	\$80,031,759	\$76,212,209	(\$3,819,550)
Benefits	58,589,750	58,842,169	252,419
Overtime	16,372,517	16,734,702	362,185
Correctional Officers' Briefing	1,488,406	1,605,571	117,165
Total	\$156,482,432	\$153,394,651	(\$3,087,781)

Holiday Pay

\$671,115

The Governor recommends \$671,115 in general revenue to support the salary and benefits of staff within the Department's Custody and Security program to account for the two additional state holidays occurring in FY2025. Pursuant to RIGL 25-1-1, state employees will celebrate Juneteenth National Freedom Day and Election Day in FY2025. The General Assembly authorized Juneteenth National Freedom Day as an official State Holiday in the 2023 Legislative Session. Furthermore, there is a corresponding \$335,558 increase in the FY2024 Governor's Revised Budget for the addition of the Juneteenth holiday in FY2024.

Vests

\$73,000

The Governor recommends \$73,000 of general revenue for the purchase of bullet resistant vests. The Department indicates that they have not purchased ballistic vests since 2020 and the majority of vests are reaching their end-of-life expectancy. In previous years, the Department utilized federal funds provided by the federal crime bill to purchase the vests, which due to a reduction in availability, have a more restrictive criteria. The Department did not meet the criteria and were denied funding.

Inmate Population

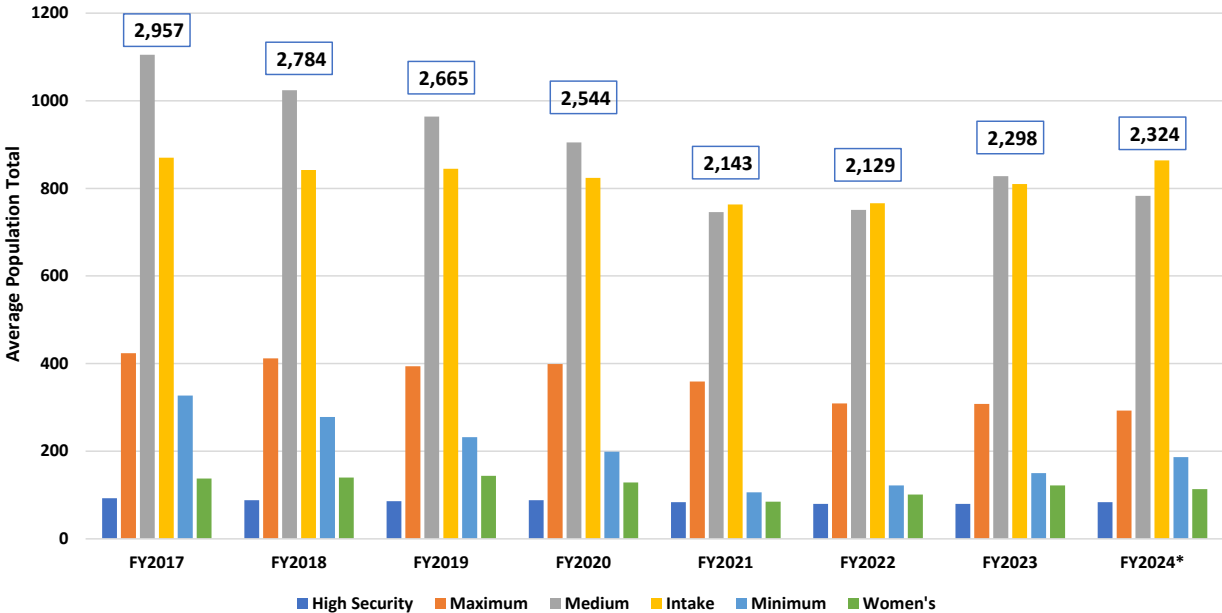
Informational

The FY2025 Governor's Recommended Budget is based on an estimated average daily population of 2,470 inmates, representing increases of 192 from the FY2024 enacted level and 74 from the FY2024 revised level. The Department's budget is largely influenced by the number of inmates in its custody at any given time. As the Department does not control the number of inmates entering or leaving its care, its budget is

in large part, a reflection of overall judicial and prosecutorial policies in the State. Factors may include legislative mandates requiring minimum sentences, variances in sentencing policies based on the judges, and/or prosecution or defense counsel involved in cases.

The Department’s daily population report for January 2024 indicates an average population of 2,324 in FY2024, reflecting an increase of 46 from the enacted level of 2,278 and 72 inmates below the population assumed in the revised projection. In FY2023, the Department averaged 2,298 inmates throughout its 6 institutional facilities. The John J. Moran Medium Security Facility averaged the largest number of inmates housing 828 inmates or 36.1 percent of all individuals under the care of DOC in FY2023. The High Security Center housed the least number of inmates, averaging 80 inmates or 3.5 percent of the total population. The following graph and table detail the Department’s average population by facility from FY2017-FY2024.

**Average Institutional Population
FY2017-FY2024**

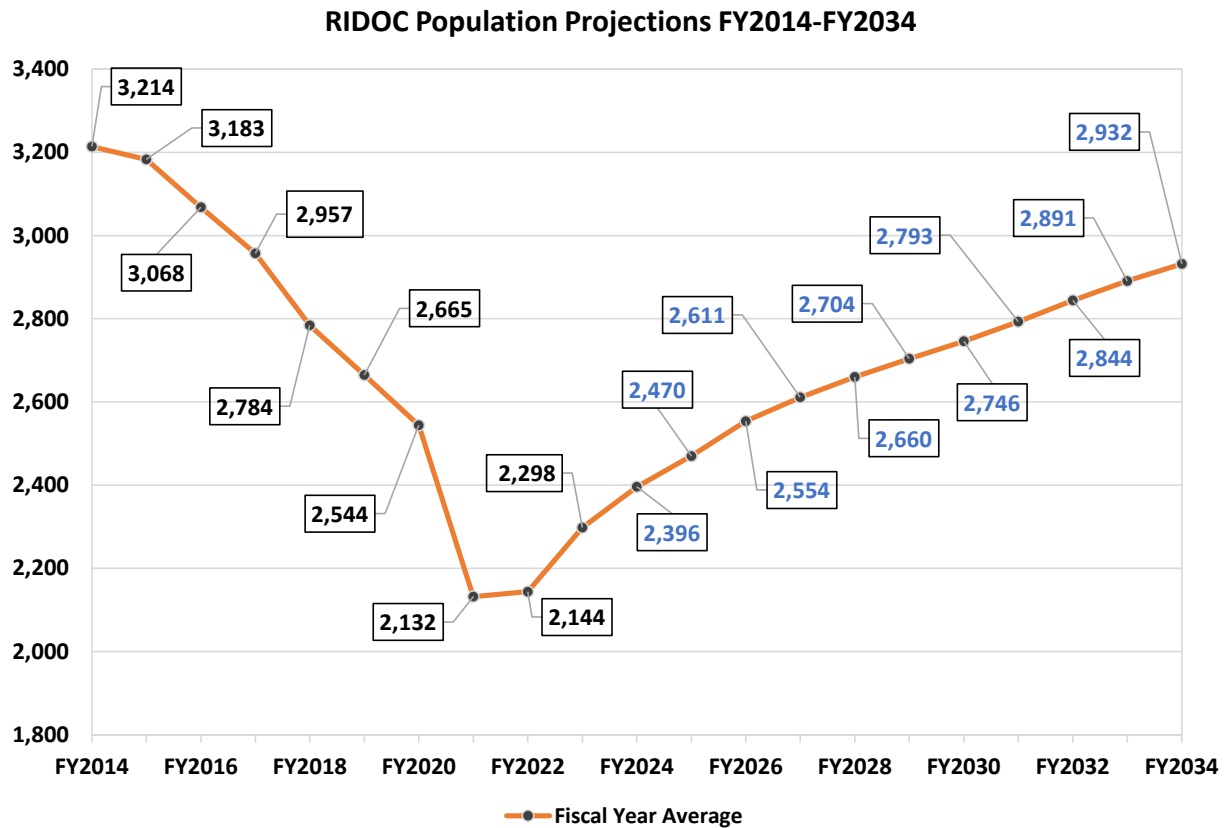


*FY2024 data is unaudited and through 1/31/2024
Source: RIDOC Budget Request and Population Reports

Facility	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024*
High Security	93	88	86	88	84	80	80	84
Maximum	424	412	394	399	359	309	308	293
Medium	1,105	1,024	964	905	746	751	828	783
Intake	870	842	845	824	763	766	810	864
Minimum	327	278	232	199	106	122	150	187
Women's	138	140	144	129	85	101	122	114
Average Population	2,957	2,784	2,665	2,544	2,143	2,129	2,298	2,324

*FY2024 data is unaudited and through 1/31/2024
Source: RIDOC Budget Request and Population Reports

The Department’s Ten-Year Prison Population Projections report, prepared by the JFA Institute, indicates that the total sentenced offender population is projected to increase over the next ten years. The report states that “increasing admissions coupled with increases in the average sentences for sentenced male admissions seen in FY2023 result in the RIDOC sentenced population being projected to increase almost 30.0 percent between FY2024 and FY2034 at an annual rate of 2.5 percent per year.” The following graph and table illustrate the Department’s projected population growth from FY2014 through FY2034. Fiscal Years 2014-FY2023 represent actual figures and Fiscal Years 2024-2034 reflect Department projections.



Source: RIDOC FY2025 Budget Request
 Note: Figures in blue represent projections

RIDOC Population Projections

Fiscal Year	Fiscal Year Average	% Change from FY2023
FY2014	3,214	39.9%
FY2015	3,183	38.5%
FY2016	3,068	33.5%
FY2017	2,957	28.7%
FY2018	2,784	21.1%
FY2019	2,665	16.0%
FY2020	2,544	10.7%
FY2021	2,132	-7.2%
FY2022	2,144	-6.7%
FY2023	2,298	-
FY2024	2,396	4.3%
FY2025	2,470	7.5%
FY2026	2,554	11.1%
FY2027	2,611	13.6%
FY2028	2,660	15.8%
FY2029	2,704	17.7%
FY2030	2,746	19.5%
FY2031	2,793	21.5%
FY2032	2,844	23.8%
FY2033	2,891	25.8%
FY2034	2,932	27.6%

Source: RIDOC FY2025 Budget Request

INSTITUTIONAL SUPPORT

The Institutional Support program is divided into three sub-programs: the Food Services sub-program, which is responsible for the procurement and preparation of nutritionally-balanced foods for all inmates; the Facilities and Maintenance sub-program, which is responsible for all maintenance and repairs to the Department’s buildings on the Pastore Complex; and, the Classification sub-program, which divides inmates into groups based on their needs.

Institutional Support	General Revenue
FY2024 Enacted	\$29,751,849
<i>Target and Other Adjustments</i>	<i>(215,571)</i>
Centralized Services (statewide adjustments)	1,887,958
Operating and Contracted Services Adjustment	1,273,038
Food Services Unit: Operating Supplies and Expenses Adjustment	1,181,055
Security Services Upgrades	365,000
FY2025 Governor	\$34,243,329

Operating and Contracted Services Adjustment \$1.3 million

The Governor recommends a \$1.3 million increase in general revenue for operating and contracted services within the Institutional Support program. The increase is consistent with FY2023 expenditures and reflects the increased pricing of materials and labor. The adjustment includes: \$800,616 for the Facilities Maintenance Unit to be used for repairs and maintenance of buildings and grounds; \$254,904 for the

Distribution Account to be used for staff clothing and training, as well as \$198,915 for the Grounds Maintenance Unit to be used for maintenance and equipment. The following table illustrates the adjustments.

Operating Supplies and Expenses	FY2024 Enacted	FY2025 Governor	Change from Enacted
Classification	\$9,031	\$10,591	\$1,560
Distribution Account	1,180,913	1,441,599	260,686
Facility Maintenance Unit	15,942,402	16,749,941	807,539
Grounds Maintenance	183,103	386,356	203,253
Total	\$17,315,449	\$18,588,487	\$1,273,038

Food Services Unit: Operating Supplies and Expenses Adjustment

\$1.2 million

The Governor recommends \$5.8 million in general revenue for operating supplies and expenses within the Food Services Unit, representing an increase of \$1.2 million from the FY2024 Enacted Budget. The increase is largely related to a \$1.2 million rise in food costs in addition to \$8,740 increase for kitchen supplies. The Department indicates that the food cost increase is consistent with expenditures in FY2023 and reflects the projected increase in population as well as product inventory and delivery concerns.

Operating Supplies and Expenses	FY2024 Enacted	FY2025 Governor	Change from Enacted
Food	\$4,465,699	\$5,628,907	\$1,163,208
Kitchen/Household Supplies & Equipment	109,306	118,046	8,740
<i>Additional Operating Supplies</i>	<i>16,814</i>	<i>25,921</i>	<i>9,107</i>
Total	\$4,591,819	\$5,772,874	\$1,181,055

Security Services Upgrade

\$365,000

The Governor recommends an additional \$365,000 of general revenue for the Department to upgrade security services equipment within the Facilities Maintenance Unit. The upgrades include changes to the Department's buildings, a \$5,000 agreement increase for the Victim Notification System and a \$7,000 increase for armored car services. The Department has included the upgrade requests in their current services budget.

INSTITUTIONAL BASED REHABILITATION/POPULATION MANAGEMENT

The Institutional Based Rehabilitation/Population Management program handles educational and vocational training; Correctional Industries; case management services; inmate treatment services, including substance abuse and counseling and other services; and, reentry services, including discharge planning and reentry assistance.

Correctional Industries provides inmate labor and work crews, and certain manufactured items. Correctional Industries services are provided centrally to all state departments and agencies as well as to municipalities. State law requires the State and municipalities to solicit bids from Correctional Industries when soliciting labor and/or supplies offered under the program. The operational cost of the program is shown on a centralized basis for informational purposes (internal service funding), but the actual costs are reflected in the operating budgets of user agencies.

Institutional Based Rehabilitation/Population Management	General Revenue
FY2024 Enacted	\$14,344,016
<i>Target and Other Adjustments</i>	<i>(48,293)</i>
Transitional and Special Services: Salary and Benefits Adjustment	318,992
Education and Vocational Services: Salary and Benefits Adjustment	311,902
Case Management and Planning: Salary and Benefits Adjustment	(146,590)
FY2025 Governor	\$14,780,027

Transitional and Special Services: Salary and Benefits Adjustment **\$318,992**

The Governor recommends \$2.2 million in general revenue to support the salary and benefits of staff within the Transitional and Special Services Units, reflecting an increase of \$318,992 from the FY2024 enacted level. The increase reflects vacant positions within the unit that are assumed to be filled in FY2025 and includes the removal of \$81,307 in net turnover savings and the addition of \$1,016 for the FICA and Accrual Adjustment and Holiday Pay initiatives. The following table depicts the adjustment.

Salary and Benefits Adjustment	FY2024 Enacted	FY2025 Governor	Change from Enacted
Salaries	\$1,137,163	\$1,330,151	\$192,988
Benefits	731,141	846,809	115,668
Overtime	2,903	5,536	2,633
Statewide Benefit Assessment	44,839	52,542	7,703
Total	\$1,916,046	\$2,235,038	\$318,992

Education and Vocational Services: Salary and Benefits Adjustment **\$311,902**

The Governor recommends \$2.6 million in general revenue to support the salary and benefits of staff within the Education and Vocational Services Unit, reflecting an increase of \$311,902 from the FY2024 enacted level. The increase reflects vacant positions in the unit that are assumed to be filled in FY2025 and includes the removal of \$153,857 in turnover savings as well as a net \$69 savings for the FICA and Accrual Adjustment and Holiday Pay initiatives. The following table illustrates the adjustment.

Salary and Benefits Adjustment	FY2024 Enacted	FY2025 Governor	Change from Enacted
Salaries	\$1,392,096	\$1,587,472	\$195,376
Benefits	808,616	918,639	110,023
Overtime	1,211	0	(1,211)
Statewide Benefit Assessment	54,988	62,702	7,714
Total	\$2,256,911	\$2,568,813	\$311,902

Case Management and Planning: Salary and Benefits Adjustment **\$146,590**

The Governor recommends \$3.4 million in general revenue to support the salary and benefits of staff within the Case Management and Planning Unit, reflecting a reduction of \$146,590 from the FY2024 enacted level. The decrease largely reflects turnover savings of \$114,224. The adjustment includes a net \$69 savings for the FICA and Accrual Adjustment and Holiday Pay initiatives. The following table illustrates the adjustment.

Salary and Benefits Adjustment	FY2024 Enacted	FY2025 Governor	Change from Enacted
Salaries	\$2,116,043	\$2,028,306	(\$87,737)
Benefits	1,325,494	1,262,033	(63,461)
Overtime	(388)	7,685	8,073
Statewide Benefit Assessment	83,581	80,116	(3,465)
Total	\$3,524,730	\$3,378,140	(\$146,590)

HEALTHCARE SERVICES

The Healthcare Services program is constitutionally mandated to provide medical, dental, and mental health service provision to all inmates. According to the Department, the inmate population is more likely than the general population to have infectious diseases and other conditions. About 1.0 percent of the inmate population is HIV positive, 25.0 percent are infected with Hepatitis C, 15.0 percent have mental health illnesses, and 70.0 to 90.0 percent have histories of substance abuse.

Healthcare Services	General Revenue
FY2024 Enacted	\$30,735,600
<i>Target and Other Adjustments</i>	220,721
RIBCO Nursing Agreement	1,812,879
Contracted Professional Services Adjustment	972,616
Salary and Benefit Adjustment	563,150
Operating Supplies and Expenses Adjustment	421,912
Holiday Pay	55,959
FY2025 Governor	\$34,782,837

RIBCO Nursing Agreement

\$1.8 million

The Governor recommends \$1.8 million in general revenue as a reserve to account for increased nursing staff personnel costs related to the upcoming agreement with the Rhode Island Brotherhood of Correctional Officers. The increase represents adjusted pay scales and benefits including tuition reimbursement and retroactive payments. The Department indicates that the agreement has not been finalized but is in its final stages. The FY2024 Governor's Revised Budget includes a corresponding \$1.7 million of general revenue for this initiative.

Contracted Professional Services Adjustment

\$972,616

The Governor recommends \$9.9 million of general revenue for contracted professional services within the Healthcare Services program, reflecting an increase of \$972,616 from the FY2024 enacted level. The largest increase, realized within nursing services includes \$458,389 for convalescent care. The Department indicates that has been experiencing challenges recruiting nurses and have been faced with utilizing staffing agencies. The following table illustrates the adjustment by unit.

Contracted Services	FY2024 Enacted	FY2025 Governor	Change from Enacted
General	\$4,280,857	\$4,582,565	\$301,708
Mental Health	2,275,582	2,326,119	50,537
Dental Services	1,150,588	1,334,594	184,006
Physician Services	660,184	594,000	(66,184)
Nursing Services	350,000	808,389	458,389
Pharmacy Services	162,501	206,661	44,160
Total	\$8,879,712	\$9,852,328	\$972,616

Salary and Benefit Adjustment \$563,150

The Governor recommends \$18.2 million of general revenue to support the salary and benefits for personnel within the Healthcare Services program, reflecting a net increase of \$563,150 from the FY2024 enacted level. The increase includes \$690,335 for the Nursing Services Unit and \$475,474 for the Mental Health Unit offset by a \$269,978 savings in the General Unit. The adjustment includes an \$205,045 for unaccounted FICA charges relating to overtime. The following table illustrates the salary and benefit adjustment by unit.

Salary and Benefits	FY2024 Enacted	FY2025 Governor	Change from Enacted
Nursing Services	\$10,990,508	\$11,680,843	\$690,335
Mental Health	2,011,314	2,486,788	475,474
General	1,979,201	1,709,223	(269,978)
Physician Services	954,285	838,315	(115,970)
Medical Records	940,338	907,143	(33,195)
Special Services	287,107	218,357	(68,750)
Dental Services	247,919	255,803	7,884
Pharmacy Services	234,299	111,649	(122,650)
Total	\$17,644,971	\$18,208,121	\$563,150

Operating Supplies and Expenses Adjustment \$421,912

The Governor recommends an additional \$421,912 of general revenue to support operating supplies and expenses within the Healthcare Services program. The increase includes a \$314,708 for pharmaceutical costs within the Pharmacy Services Unit as well as \$44,678 for software maintenance agreements within the General Services Unit.

Holiday Pay \$55,959

The Governor recommends a \$55,959 increase in general revenue to support the salary and benefits of staff within the Department’s Healthcare Services program to account for the two additional state holidays occurring in FY2025. Pursuant to RIGL 25-1-1, state employees will celebrate Juneteenth National Freedom Day and Election Day in FY2025. The General Assembly authorized Juneteenth National Freedom Day as an official State Holiday in the 2023 Legislative Session. Furthermore, there is a corresponding \$27,979 included in the FY2024 Supplemental Budget for the addition of the Juneteenth holiday.

COMMUNITY CORRECTIONS

The Community Corrections program is responsible for supervising offenders serving portions of their sentence under probation, parole, or community confinement, and also provides certain services to victims of crimes. The Probation and Parole unit provides supervision and services for individuals under the jurisdiction of the courts or Parole Board, and attempts to successfully reintegrate individuals from incarceration back into the community. Community Confinement provides supervision to individuals sentenced to “house arrest” by the courts and can include work-release supervision. Community Corrections uses electronic monitoring as a primary component of its supervision strategy. Victim Services provides 24-hour-per-day automated information about offender status and victim advocacy services, including crisis intervention, referral, and case management.

Community Corrections	General Revenue
FY2024 Enacted	\$21,198,507
<i>Target and Other Adjustments</i>	
Salary and Benefit Adjustment	98,682
Lease Agreement	690,337
Community Corrections Population	Informational
FY2025 Governor	\$21,987,526

Salary and Benefit Adjustment**\$690,337**

The Governor recommends \$19.6 million in general revenue to support the salary and benefits of personnel working in the Community Corrections program, reflecting an increase of \$519,652 from the FY2024 Budget as Enacted. The Department indicates that the salary, overtime, and correctional officers' briefing expenditures reflect pay periods 5/6 projected throughout FY2025. Furthermore, the Probation and Parole staff positions are being filled at a quicker pace than in previous years, which may create additional revisions. The adjustment includes for the Holiday Pay initiative. The adjustment includes a \$6,637 increase for holiday pay associated with the inclusion of Juneteenth National Freedom Day and Election Day in FY2025, as well as \$170,685 for unaccounted FICA charges relating to overtime. The following table illustrates the adjustment.

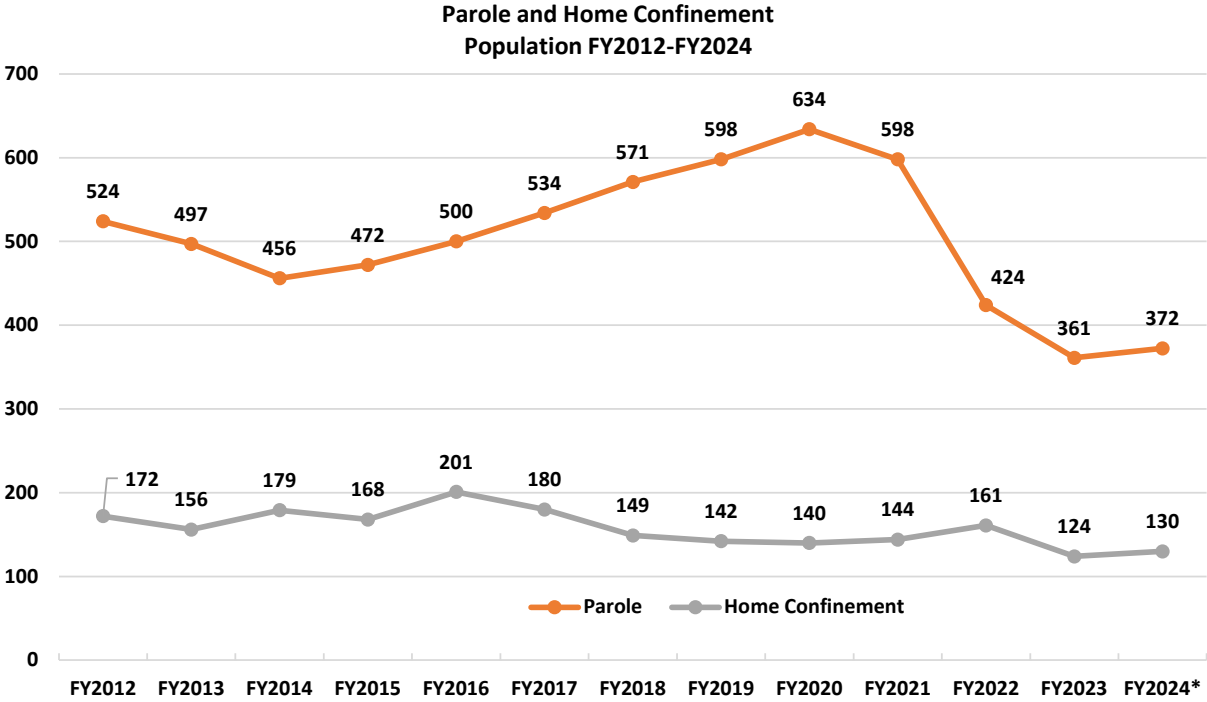
Personnel Expenditures	FY2024 Enacted	FY2025 Governor	Change from Enacted
Salaries	\$11,022,548	\$11,217,190	\$194,642
Benefits	7,567,951	7,839,727	271,776
Overtime	523,266	737,315	214,049
Correctional Officers' Briefing	49,024	58,894	9,870
Total	\$19,162,789	\$19,853,126	\$690,337

Lease Agreement**Informational**

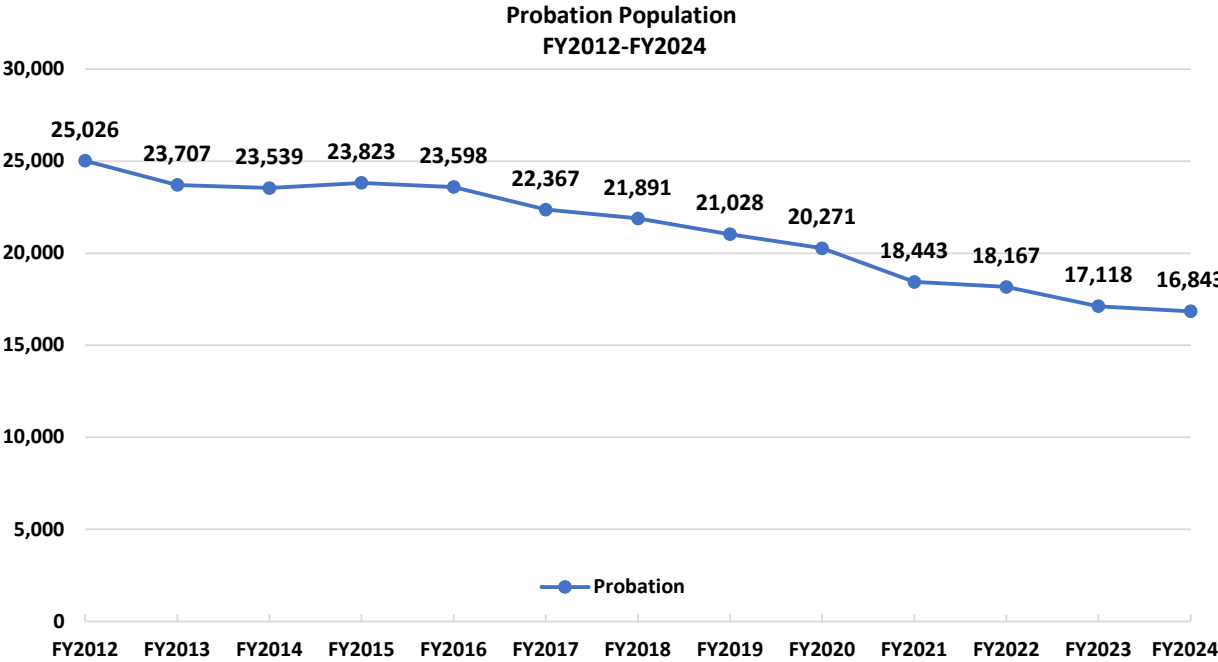
Article 10 in the FY2025 Governor's Recommended Budget authorizes a lease agreement for office space used by the Department as a regional parole and probation office. Pursuant to RIGL 37-6-2(d), the lease requires approval from the General Assembly for any new or extended lease agreements meeting certain conditions. The article authorizes the renewal for the Department's existing lease of the 4,700 square foot property located at 249 Roosevelt Avenue in Pawtucket. The lease's terms state that the length of the lease is not exceed 5 years and the aggregate base rent is not to exceed a \$533,580 total, nor \$106,716 annually.

Community Corrections Population**Informational**

While representing only 7.5 percent of the Department's general revenue budget for FY2025, Community Corrections serves the largest number of individuals. In FY2023, the average population served was 17,603, which includes 17,118 individuals on probation, 361 individuals on parole, and 124 individuals in community supervision. The population report for December 2023 indicates that the average population served in FY2024 is 17,345 including 16,843 individuals on probation, 372 on parole, and 130 individuals in community supervision. The following graphs and table display the probation population as well as the parole and home confinement population data from FY2012 through FY2024.



Source: RIDOC FY2025 Budget Request
*FY2024 data reflects the Community Corrections December 2023 Population Report



Source: RIDOC FY2025 Budget Request
*FY2024 data reflects the Community Corrections December 2023 Population Report

Supervision	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024*
Probation	25,026	23,707	23,539	23,823	23,598	22,367	21,891	21,028	20,271	18,443	18,167	17,118	16,843
Parole	524	497	456	472	500	534	571	598	634	598	424	361	372
Home Confinement	172	156	179	168	201	180	149	142	140	144	161	124	130
Population Total	25,722	24,360	24,174	24,463	24,299	23,081	22,611	21,768	21,045	19,185	18,752	17,603	17,345

*FY2024 data reflects the Community Corrections December 2023 Population Report

CAPITAL PROJECTS

The FY2024 Governor's Revised Budget includes \$13.8 million in Rhode Island Capital Plan (RICAP) funds, reflecting an increase of \$9.7 million from the FY2024 enacted level. The increase is primarily attributable to the addition of the Department's heating, ventilation, and air conditioning (HVAC) project at the Intake Service Center, for which \$6.9 million is recommended in FY2024. Additionally, the FY2025 Governor's Recommended Budget includes \$31.2 million in RICAP funds, representing a \$27.1 million increase from the FY2024 enacted level. The majority of the increase represents the Department's HVAC project, for which \$23.9 million is recommended in FY2025. The following table illustrates the Department's recommended capital spending through FY2026.

Project Title	FY2024 Enacted	FY2024 Revised	Change from Enacted	FY2025 Governor	Change from Enacted
HVAC at Intake Service Center	-	\$6.9	\$6.9	\$23.9	\$23.9
Asset Protection	4.1	6.7	2.6	4.1	0.0
Facilities Renovations	-	0.3	0.3	3.2	3.2
Total	\$4.1	\$13.8	\$9.7	\$31.2	\$27.1

\$ in millions. Totals may vary due to rounding

HVAC at Intake Service Center: The Governor recommends \$23.9 million of RICAP funds to replace the HVAC system at the Intake Service Center (ISC) in FY2025, and a total of \$41.1 million for the project. The Department indicates that the HVAC system has reached the end of its useful life, requires costly repairs with parts that are difficult to obtain, and is the subject of numerous complaints from both staff and inmates. The Department believes that replacing it will ensure that the health and safety standards at the facility are maintained.

Asset Protection: The Governor recommends \$4.1 million of RICAP funds for asset protection in FY2025, consistent with the FY2024 enacted level. Current asset protection projects within the Department include domestic hot water distribution, security system upgrades, ADA compliant cell restoration at the Medium Security Facility, office renovations for the Department's Investigations Unit, and roof replacements for the Medium Security, Maximum Security and High Security facilities. Additionally, the FY2024 Revised Budget includes \$6.7 million for asset protection, reflecting a \$2.6 million increase from the FY2024 enacted level. The increase represents unspent funds that have been re-appropriated from the FY2023 Final Budget.

Facilities Renovations: The Governor recommends \$3.2 million of RICAP funds for facility renovation projects in FY2025, reflecting a \$3.2 million increase from the FY2024 enacted level. The funding is recommended for construction of a Behavioral Management Unit (BMU) for the Seriously and Persistently Mentally Ill. The BMU will provide a less restrictive level of housing than the existing Residential Treatment Unit, as well as an expansion of treatment options. Additionally, the FY2024 Revised Budget includes \$250,000 of RICAP funds for the Department to conduct a feasibility study that will determine the appropriate location, size, and other specifics for the BMU. The \$250,000 is a carry-forward from the FY2023 Final Budget.

Judiciary

Expenditures By Program	FY2023	FY2024	FY2024	Change from		FY2025	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Supreme Court	\$46.6	\$49.8	\$51.9	\$2.1	4.3%	\$50.6	\$0.9	1.8%
Superior Court	25.7	28.3	28.2	(0.0)	-0.2%	28.7	0.4	1.3%
Family Court	27.7	30.3	30.2	(0.0)	-0.2%	30.6	0.3	1.1%
District Court	15.8	17.2	17.1	(0.1)	-0.7%	17.1	(0.1)	-0.8%
Traffic Tribunal	9.8	11.2	10.7	(0.5)	-4.5%	10.8	(0.4)	-3.3%
Workers' Compensation Court	9.0	10.0	9.9	(0.1)	-1.2%	9.9	(0.1)	-0.8%
Judicial Tenure & Discipline	0.2	0.2	0.2	0.0	0.2%	0.2	0.0	0.2%
Total	\$134.7	\$146.9	\$148.2	\$1.3	0.9%	\$147.9	\$1.0	0.7%

Expenditures By Source								
General Revenue	\$114.0	\$121.4	\$122.8	\$1.4	1.1%	\$124.3	\$2.9	2.4%
Federal Funds	3.5	5.0	4.6	(0.3)	-6.7%	4.4	(0.6)	-11.1%
Restricted Receipts	12.3	14.9	14.8	(0.1)	-0.9%	14.8	(0.1)	-0.5%
Operating Transfers from Other Funds	4.9	5.6	6.0	0.4	7.1%	4.4	(1.3)	-22.2%
Total	\$134.7	\$146.9	\$148.2	\$1.3	0.9%	\$147.9	\$1.0	0.7%

Authorized FTE Levels	739.3	743.3	743.3	-	-	745.3	2.0	0.0
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\$ in millions. Totals may vary due to rounding.

Rhode Island has a unified court system composed of six statewide courts. The Supreme Court is the court of review, the Superior Court is the general trial court, and the Family, District, Traffic Tribunal, and Workers' Compensation Courts are trial courts of special jurisdiction. The entire system is state-funded with the exception of probate courts, which are the responsibility of cities and towns, and the municipal courts, which are local courts of limited jurisdiction.

The Chief Justice of the Supreme Court is the executive head of the state court system and has authority over the Judiciary's budget. The Chief Justice appoints the State Court Administrator and an administrative staff to handle budgetary and general administrative functions. Under the direction of the Chief Justice, the Court Administrator manages appropriations for all state courts, except those as provided otherwise by law. Each court has responsibility over its own operations and has a chief judge who appoints an administrator to handle internal court management.

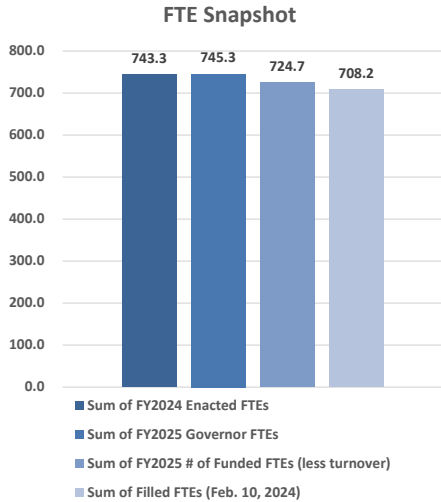
MAJOR ISSUES AND TRENDS

The Budget includes \$124.3 million in general revenue funding, a \$2.9 million (2.4 percent) increase over the FY2024 Budget as Enacted. \$1.0 million of the increase is due to the re-appropriation of unexpended funds from FY2023. Another \$869,973 is due to a 32.3 percent reduction in turnover savings, leaving total savings of \$1.8 million, and \$239,552 is to support 2.0 new FTE stenographer positions needed to satisfy the union contract.

Federal funds decrease by \$554,237 and restricted receipts by \$73,847.

The Budget provides 745.3 FTE positions in FY2025, an increase of 2.0 FTE stenographer positions, relative to the FY2024 Budget as Enacted. The FTE cap is held level in FY2024 relative to the enacted budget.

The FY2025 and FY2024 Revised budgets are consistent with the Judiciary's request.



SUPREME COURT

The Supreme Court is the only constitutionally-established court in the State, and is empowered with administrative authority over the entire state court system. The Court is the final court of review, and also issues advisory opinions to Legislative and Executive branches of government and regulates the Rhode Island Bar. Administrative functions include budgeting, human resource management, purchasing, information technology management, and fine and fee collection. The Supreme Court also offers programs related to domestic violence prevention, mandatory continuing legal education, alternative dispute resolution, victim rights information, and the interpreter program.

Supreme Court	General Revenue
FY2024 Enacted	\$39,746,311
<i>Target and Other Adjustments</i>	<i>1,211,379</i>
Defense of Indigent Persons	1,000,000
FY2025 Governor	\$41,957,690

Defense of Indigent Persons***\$1.0 million***

As requested by the Judiciary, the Budget includes an increase of \$1.0 million (\$6.1 million total funds) for the Defense of Indigent Persons in FY2025 and in FY2024 through the re-appropriation of \$2.0 million in unexpended funds from FY2023. This program was established pursuant to an executive order issued by Chief Justice Suttell in 2013. The program is designed to provide private attorneys to indigent persons after the filing of written certification by the Office of the Public Defender verifying the person's inability to pay for counsel and the existence of a conflict of interest on the part of that office in accepting the individual as a client.

SUPERIOR COURT

The Superior Court has jurisdiction for all felony cases, misdemeanor cases that have been appealed or waived from the District Court, civil cases in which the disputed amount exceeds \$10,000, and all probate and zoning appeals. The Court has four locations throughout the state, including Providence, Warwick, Wakefield, and Newport. The Gun Court and Adult Drug Court were established in FY1995 and FY2002, respectively. The Superior Court also has appellate jurisdiction of decisions of local municipal and probate courts. Appeals from various boards and commissions, such as zoning boards and Ethics Commission appeals, are heard in Superior Court as well as petitions to review disciplinary action imposed upon a state or local police officer by the chief of that department. In addition to conducting trials, the Superior Court administers the Court-Annexed Arbitration Program which accelerates the disposition of certain less complex civil cases in which there is \$100,000 or less at issue. Matters such as contract disputes, personal injury claims, and property damage suits may be certified to this alternative dispute resolution program.

Superior Court	General Revenue
FY2024 Enacted	\$27,552,736
<i>Target and Other Adjustments</i>	<i>203,710</i>
Stenographers (2.0 FTE positions)	239,552
FY2025 Governor	\$27,995,998

Stenographers (2.0 FTE positions)***\$239,552***

The Budget adds \$239,552 and 2.0 new FTE court stenographer positions to comply with the union contract requiring a six to five ratio of court reporters to judges and magistrates. The courts currently have 30.0 FTE court stenographer positions; however, as additional judge and magistrate positions have been added, the number of stenographer positions has fallen behind the required ratio.

FAMILY COURT

The Rhode Island Family Court, established in 1961, was the first statewide Family Court in the United States. The Family Court has jurisdiction to hear and determine all petitions for divorce and any motions in conjunction with divorce proceedings, such as motions relating to the distribution of property, alimony, support and custody of children. It also hears petitions for separate maintenance, and complaints regarding support for parents and children. The Family Court also has jurisdiction over matters relating to delinquent, wayward, dependent, neglected, abused, and mentally deficient or mentally disordered children. In addition, it has jurisdiction over adoptions, paternity proceedings, and a number of other matters involving domestic relations and juveniles. Appeals from decisions of the Family Court are taken directly to the state Supreme Court.

The Court runs specialty court programs, including the Juvenile Drug Court, Domestic Violence Court, Truancy Court, Mental Health Court Clinic, and the Juvenile Re-Entry Court. The Court has four locations throughout the state, including Providence, Warwick, Wakefield, and Newport.

Family Court	General Revenue
FY2024 Enacted	\$26,408,476
<i>Target and Other Adjustments</i>	532,366
FY2025 Governor	\$26,940,842

DISTRICT COURT

The District Court has jurisdiction over all criminal misdemeanor cases if the defendant waives the right to a jury trial. If the defendant asks for a jury trial, the case will be transferred to the Superior Court. The District Court also has jurisdiction over bail hearings in felony cases and over violation hearings in misdemeanor cases. The District Court presides over civil trials in which the damages sought total up to \$5,000. If the parties agree, the District Court can hear civil suits for damages to a maximum of \$10,000. District Court jurisdiction also includes Small Claims Court for damages up to \$2,500; violations of municipal ordinances and regulations; violations and hearings on involuntary hospitalization under the mental-health, drug-abuse, and alcohol laws; regulatory appeals, including those related to taxation; and violations of state or local housing codes. Appeals from District Court decisions go to the Superior Court. The Court has four locations throughout the state, including Providence, Warwick, Wakefield, and Newport.

District Court	General Revenue
FY2024 Enacted	\$16,319,444
<i>Target and Other Adjustments</i>	64,799
FY2025 Governor	\$16,384,243

TRAFFIC TRIBUNAL

The Traffic Tribunal replaced the Administrative Adjudication Court in 1999. The Traffic Tribunal is responsible for hearing most traffic cases, distributing and controlling traffic summonses, and maintaining accurate driver accident and violation records. The Traffic Tribunal hears appeals from the Division of Motor Vehicles and the municipal courts as well as certain violations of the Department of Environmental Management. The Tribunal has authority to enforce its own judgments. The Traffic Tribunal has one location, at the Pastore Center in Cranston.

Traffic Tribunal	General Revenue
FY2024 Enacted	\$11,185,670
<i>Target and Other Adjustments</i>	(\$373,179)
FY2025 Governor	\$10,812,491

WORKERS' COMPENSATION COURT

The Workers' Compensation Court has jurisdiction over all disputes between employers and employees relating to workers' compensation. The court's jurisdiction includes contested cases involving the rehabilitation of injured employees and claims involving disputes between an employer and its workers' compensation insurer. Since FY1990, the expenses incurred in the operation of the court are paid through the Workers' Compensation Administrative Fund (restricted receipts).

Workers' Compensation Court	Restricted Receipts
FY2024 Enacted	\$10,008,315
<i>Target and Other Adjustments</i>	<i>(76,527)</i>
FY2025 Governor	\$9,931,788

JUDICIAL TENURE AND DISCIPLINE

The Commission on Judicial Tenure and Discipline is the program charged with investigating judges who have been charged with misconduct. The Supreme Court may affirm, modify, or reject the recommendations of the Commission.

Judicial Tenure & Discipline	General Revenue
FY2024 Enacted	\$174,733
<i>Target and Other Adjustments</i>	<i>264</i>
FY2025 Governor	\$174,997

CAPITAL PROJECTS

The Budget includes \$6.0 million in Rhode Island Capital Plan (RICAP) funds in FY2024 and \$4.4 million in FY2025, an increase of \$401,122 in FY2024 and a decrease of \$1.3 million in FY2025 relative to the FY2024 Budget as Enacted.

- **Garrahy Courtroom Restoration:** The Budget includes \$753,985 in FY2024 and \$3,985 in FY2025 to complete this project, which includes replacing carpets, finishing woodwork, and painting.
- **Garrahy Courthouse Restoration:** The Budget includes \$1.1 million in RICAP funds in FY2024 and in FY2025 to restore the interior spaces of the judicial complex. The project includes the replacement carpets, repairing tiles, as well as painted and natural wood surfaces. In addition, upgrades will be made to employee bathrooms.
- **Garrahy Judicial Complex Replacement:** While not included in the Judiciary's FY2025 Capital Budget request, a December 20, 2023, [Providence Journal article](#) noted that the Judiciary had approached state leaders about building a new \$350.0 million courthouse to replace the Garrahy Judicial Complex. When asked for more detail on the request, the Judiciary responded with the following:

“The Judiciary continues to study the viability of replacing the Garrahy Judicial Complex with a modern, user-centered facility. To date, the Judiciary has utilized capital funds in the asset protection line item to pay for the development of conceptual drawings and other efforts in support of this project; the Judiciary does not have a formal request for funding in the FY25 budget for the Garrahy replacement project.”

- **Judicial Complexes HVAC:** The Budget includes \$1.1 million in FY2024 and \$1.0 million in FY2024 and \$500,000 in FY2025 for the replacement and repair of court-managed HVAC systems at the courthouses system wide. Total project costs are estimated at \$3.5 million with funding extending into FY2029. Funds are provided for installation of air handler units (AHU) and variable air volume (VAV) systems, replacement of make-up air units and water heaters, and fan coil replacement.

- **Judicial Complexes Asset Protection:** The Budget includes \$2.5 million in FY2024 and \$2.3 million in FY2025 for asset protection projects throughout the court system. Projects include security and fire suppression upgrades, courtroom restorations, elevator upgrades, and electrical upgrades.
- **Judicial Complexes Fan Coil Unit Replacements:** The Budget provides \$500,000 in FY2024 and FY2025 for both the architectural/engineering work and the installation of the fan coils in the Licht, Fogarty, and Murray facilities. Total project cost is estimated at \$3.6 million and is expected to continue through FY2029.

Military Staff

Expenditures By Program	FY2023	FY2024	FY2024	Change from		FY2025	Change from	
	Actual	Enacted	Governor	Enacted	Enacted	Governor	Enacted	Enacted
RI National Guard	\$27.1	\$75.9	\$53.7	(\$22.2)	-29.2%	\$101.4	\$25.5	33.7%
Total	\$27.1	\$75.9	\$53.7	(\$22.2)	-29.2%	\$101.4	\$25.5	33.7%

Expenditures By Source								
General Revenue	\$2.9	\$3.7	\$3.6	(\$0.1)	-2.2%	\$3.1	(\$0.6)	-15.1%
Federal Funds	23.4	64.7	46.3	(18.5)	-28.5%	86.9	22.1	34.2%
Restricted Receipts	0.0	0.1	0.1	-	-	0.1	-	-
Other Funds	0.8	7.5	3.8	(3.6)	-48.7%	11.4	4.0	53.4%
Total	\$27.1	\$75.9	\$53.7	(\$22.2)	-29.2%	\$101.4	\$25.5	33.7%

Authorized FTE Levels	92.0	93.0	93.0	-	-	93.0	-	-
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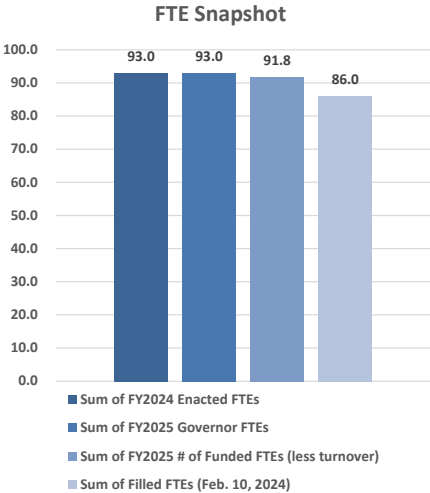
\$ in millions. Totals may vary due to rounding.

The mission of the Military Staff (Rhode Island National Guard) is to prepare for immediate mobilization in the event of war or national emergency; to maintain peace, order, and public safety in the state in time of man-made or natural disaster or when otherwise directed by the Governor; and, to participate in the development and establishment of local, regional, and nationwide initiatives and programs.

MAJOR ISSUES AND TRENDS

The FY2024 Revised Budget includes \$53.7 million, of which \$46.3 million are federal funds, \$3.6 million are general revenue, \$3.8 million are RICAP funds, and \$55,000 are restricted receipts. This reflects an all funds decrease of \$22.2 million from the FY2024 Budget as Enacted. Federal funds decrease by \$18.5 million, other funds (RICAP) decrease by \$3.6 million, and general revenues decrease by \$76,183.

The FY2025 Budget includes \$101.4 million, of which \$86.9 million (85.6 percent) is federal funds, \$11.4 million (11.3 percent) is RICAP funds, \$3.1 million (3.1 percent) is general revenue, and \$55,000 (0.1 percent) is restricted receipts. This reflects an all funds increase of \$25.5 million from the FY2024 Budget as Enacted. Federal funds increase by \$22.1 million, other funds (RICAP) increase by \$4.0 million, and general revenues decrease by \$544,147.



The Budget provides 93.0 FTE positions in FY2024 and in FY2025, consistent with the enacted budget.

Quonset Air National Guard Facilities

The largest expenditures of the Military Staff budget occur at the Rhode Island Air National Guard facilities at Quonset, which will receive federal appropriations of \$44.4 million in FY2024, \$40.0 million in FY2025, \$7.4 million in FY2026, and out-year funding of \$933,333 through to FY2029, for several capital projects. A significant portion of these federal funds are not State-guided projects and the federal funding is not appropriated through the State.

In addition, the Rhode Island Air National Guard will receive \$6.6 million in RICAP funds between FY2023 and FY2026 for the Air National Guard Repair Squadron Operations Facility, a new Air National Guard Headquarters Building, and for the reconstruction of the Quonset runways to meet military specifications.

Quonset Air National Guard Capital Projects	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	Total
Federal	\$0.0	\$44.4	\$40.0	\$7.4	\$0.9	\$0.0	\$0.0	\$92.8
RICAP	0.2	1.0	4.3	1.0	-	-	-	6.6
Total	\$0.2	\$45.4	\$44.4	\$8.5	\$0.9	\$0.0	\$0.0	\$99.4

\$ in millions

Source: FY2025 Capital Budget

Federal Funding

The Budget includes \$86.9 million in federal funds, reflecting an increase of \$22.1 million over the previous fiscal year. Approximately \$75.5 million or 86.9 percent of the federal funds is applied to the operations and capital construction projects of the Army and Air National Guard facilities. In particular, the major expenses involve the Quonset Air National Guard facility and runway reconstruction projects, armory asset protection, and an appropriation of \$5.2 million in federal funds from the Counter Drug Asset Forfeiture to construct a 15,722 square foot Counter Drug Training Facility at Camp Fogarty in East Greenwich. The remaining \$11.4 million or 13.1 percent, funds personnel and contract services of the National Guard.

The capital budget also contains federal funds for National Guard projects that are not State projects appropriated within the State budget. Most of the federal funded capital projects are direct federal appropriations to the National Guard facilities. These capital projects are stated to provide an understanding of activities of the federal National Guard Bureau in improving facilities in the State.

NATIONAL GUARD

The National Guard program is composed of reserve units of the United States Army and Air Force, the Rhode Island National Guard (RING), and the State Historic Militia. The Guard is authorized to have in excess of 3,300 members (2,178 Army National Guard and 1,136 Air National Guard). The Guard has numerous facilities throughout the state, including 14 armories, 3 air bases, 2 training sites, 10 maintenance and support buildings, and housing equipment valued at \$500.0 million. According to the Military Staff, the estimated annual economic impact on the State attributed to National Guard programs exceeds \$238.0 million. The Guard is largely financed through federal funds, including drill and training pay for Army and Air Guard personnel, supplies, equipment, facility maintenance, and capital projects. State funds are provided as a match on some projects and primarily pay employee salary and benefit costs, training, travel, and maintenance.

RI National Guard	General Revenue
FY2024 Enacted	\$3,650,802
<i>Target and Other Adjustments</i>	<i>(33,165)</i>
Operating Adjustments	(717,011)
Personnel Adjustments	230,502
Centralized Services (statewide adjustment)	(24,473)
FY2025 Governor	\$3,106,655
RI National Guard	Other Fund Changes
ANG Facilities (federal funds)	(\$8,600,000)
Counter Drug Training Facility (federal funds)	(48,746)
Miscellaneous Minor Construction (federal funds)	31,304,142

Operating Adjustments **(\$717,011)**

The Budget includes \$1.2 million in general revenue (\$22.4 million in all funds) in FY2025 for operating expenses, reflecting a net decrease of \$717,011 from the FY2024 Budget as Enacted. The largest adjustments include a decrease of \$480,813 for computer equipment repairs and a decrease for electricity costs of \$351,235. The remaining changes includes statewide adjustments for ERP Maintenance and Operations, and Natural Gas ISF charges.

Operating Adjustments	FY2024 Enacted	FY2025 Governor	Change
Maintenance/Repairs: Computer Equipment	\$500,000	\$19,187	(\$480,813)
Electricity	707,816	356,581	(351,235)
Natural Gas	126,038	175,667	49,629
All Other Operating Adjustments	618,488	683,896	65,408
Total	\$1,952,342	\$1,235,331	(\$717,011)

The FY2024 Budget as Enacted added \$500,000 in general revenue to purchase information technology (IT) equipment that will be compatible with the current state system in order for the Rhode Island National Guard to respond to emergencies that involve state agencies. This was a non-recurring IT system improvement. Therefore, continued funding is not required in FY2025. The decrease in electricity, which is the largest driver of utility costs for the National Guard, is due to the transition to a solar program that effectively reduced electricity costs by 50.0 percent.

Personnel Adjustments **\$190,320**

The Budget includes \$1.4 million in general revenue for personnel expenses, reflecting an increase of \$190,320 from the FY2024 Budget as Enacted. The largest change relates to decreased turnover savings at \$33,393, as compared to the previous year. This variance is explained as miscalculations of employee allocations and low turnover levels that were not consistent with historical levels.

Personnel Adjustments	FY2024 Enacted	FY2025 Governor	Change
Turnover	(\$263,895)	(\$33,393)	\$230,502
All Other Personnel Adjustments	1,515,410	1,475,228	(40,182)
Total	\$1,251,515	\$1,441,835	\$190,320

ANG Facilities (federal funds) **\$10.4 million**

The Budget includes \$10.4 million in federal funds for various capital projects. At the time of the capital improvement budget submission, it was thought that these projects would be billed through “Appendix 31” of the federal Cooperative Agreement for “100% Air Guard Minor Construction”. The project and estimated expenses are:

ANG Facilities	Federal Funds
Demo Building 1	\$7,300,000
Replace Base Perimeter Fence	1,000,000
Pave North Smithfield	800,000
Repair Roofs (Basewide)	400,000
Repair Used Oil Tank P3	200,000
Replace Generators B575	100,000
Renovate Bathrooms B575	50,000
Various HVAC, Lighting, and Other Projects	550,000
Total	\$10,400,000

Counter Drug Training Facility (federal funds) **(\$48,746)**

The Budget includes \$5.2 million in federal Counter Drug Asset Forfeiture funds and \$2.0 million in RICAP funds to construct a 15,722 square foot Counter Drug Training Facility at Camp Fogarty in the Town of

East Greenwich. This project utilizes Google Asset Forfeiture federal funds and is listed in the agency's capital plan for FY2025. The forfeiture funds requested in FY2025 reflect unexpended funds appropriated in FY2022. The balance remaining in the Google Asset Forfeiture account for the Rhode Island National Guard is equivalent to the amount presently budgeted for FY 2025. The approval of this capital project will leave a zero balance in the account.

Miscellaneous Minor Construction (federal funds)

\$31.3 million

The Budget includes \$51.5 million in federal funds for numerous miscellaneous minor capital and asset protection projects that are partially or fully paid with federal funds. This is an increase of \$31.3 million from the FY2024 Budget as Enacted, resulting from multiple change orders on projects such as shifting the Aviation Readiness Center project from FY2024 to FY2025.

CAPITAL PROJECTS

The Budget includes RICAP funds of \$3.8 million in FY2024, reflecting a decrease of \$3.6 million, and \$9.4 million in FY2025, reflecting an increase of \$2.0 million from the FY2024 Budget as Enacted. The RICAP funded projects include:

Capital Projects - RICAP Funds	FY2024 Enacted	FY2024 Governor	Change	FY2025 Governor	Change
RICAP - AMC Roof Replacement	\$0	\$1,013	\$1,013	\$0	\$0
RICAP - Asset Protection	1,753,294	1,970,172	216,878	1,799,185	45,891
RICAP - Quonset Air National Guard Headquarters Facility	3,000,000	-	(3,000,000)	3,000,000	-
RICAP - Sun Valley Armory	788,161	707,461	(80,700)	-	(788,161)
RICAP: Aviation Readiness Center	138,272	138,272	-	3,294,818	3,156,546
RICAP: Quonset Airport Runway Reconstruction	1,774,119	1,004,991	(769,128)	1,339,988	(434,131)
Total	\$7,453,846	\$3,821,909	(\$3,631,937)	\$9,433,991	\$1,980,145

- **AMC Roof Replacement:** The Budget includes \$1,013 in RICAP funds in FY2024 and no funding in FY2025 for the Armory of Mounted Commands project, as the project will be complete. The amount stated for FY2024 reflects an outstanding invoice.
- **Asset Protection:** The Budget includes \$1.8 million in RICAP funds for general asset protection projects. The project lists out-year funding of \$4.5 million in RICAP funds through FY2029.
- **Sun Valley Armory:** The Budget includes \$788,161 in RICAP funds in FY2024 for a 17,000 square foot addition to the Sun Valley Readiness Center in the Town of East Greenwich. This facility serves as the supporting center for the 861st Engineer Company.
- **Aviation Readiness Center:** The Budget includes \$138,272 in RICAP funds in FY2024 and \$3.3 million in RICAP funds in FY2025 to construct a 65,000 square foot training and readiness center at the Quonset Air Base for the Rhode Island National Guard 1/126th Aviation Unit.

Rhode Island Emergency Management Agency

Expenditures By Program	FY2023	FY2024	FY2024	Change from		FY2025	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Central Management	\$76.8	\$50.2	\$43.5	(\$6.8)	-13.4%	\$36.7	(\$13.6)	-27.0%
Expenditures By Source								
General Revenue	\$5.6	\$6.6	\$6.8	\$0.2	0.0	\$7.2	\$0.5	8.0%
Federal Funds	68.6	38.5	30.5	(8.0)	-20.7%	28.9	(9.6)	-25.0%
Restricted Receipts	0.2	0.4	0.4	0.0	0.5%	0.4	0.0	1.5%
Operating Transfers from Other Funds	2.4	4.7	5.7	1.0	0.2	0.2	(4.5)	-95.3%
Total	\$76.8	\$50.2	\$43.5	(\$6.8)	-13.4%	\$36.7	(\$13.6)	-27.0%
Authorized FTE Levels	35.0	37.0	37.0	-	-	39.0	2.0	5.4%

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

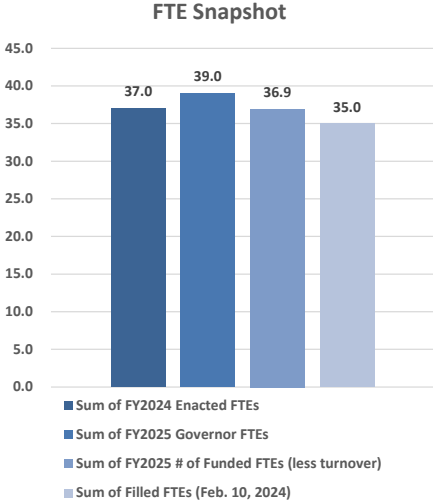
The Rhode Island Emergency Management Agency (RIEMA) is the coordinating agency for multi-jurisdiction and multi-agency response in the state for all emergencies including natural and technological hazards such as fires, floods, tornadoes, hurricanes, winter storms, chemical releases, weapons of mass destruction, and terrorism incidents. RIEMA is the official coordinating agency of the State for the federal Department of Homeland Security and the Federal Emergency Management Agency in times of state, national, multi-jurisdiction, and multi-agency emergencies and disasters. RIEMA operates and maintains the State Emergency Operations Center, as well as the statewide 800 MHz radio system and network. RIEMA became nationally accredited in October 2016, via the Emergency Management Accreditation Program (EMAP).

MAJOR ISSUES AND TRENDS

The FY2024 Revised Budget includes \$43.5 million, of which \$6.8 million is general revenue. Federal funds comprise \$30.5 million or 70.2 percent of the Agency’s budget in FY2024. The Revised Budget increases general revenue by \$205,621, largely reflecting the inclusion of \$200,000 in general revenue for a FEMA 25.0 percent match requirement for the individual assistance program following the September 2023 floods.

The FY2025 Budget includes \$36.7 million, of which \$7.2 million is general revenue. The net general revenue increase is \$532,567. Federal funds are \$28.9 million and account for 78.8 percent of the Agency’s budget in FY2025, a decrease of \$9.6 million. Other funds decrease by \$4.5 million, primarily reflecting the elimination of RICAP funding for the Rhode Island Statewide Communications System Network (RISCON) system.

The Budget includes 37.0 FTE positions in FY2024 and 39.0 FTE positions in FY2025, including the addition of a new 1.0 Warehouse Manager and a new 1.0 Assistant Director of Communications. The two new positions are general revenue funded.



Central Management	General Revenue
FY2024 Enacted	\$6,632,962
<i>Target and Other Adjustments</i>	
Emergency Management Performance Grant	(940,446)
RIEMA Managed Public Safety Warehouse	579,448
Operating Adjustments	566,270
Assistant Director of Communications	194,055
Emergency Management Equipment	138,392
Centralized Services (statewide adjustments)	(90,007)
FY2025 Governor	\$7,165,529

Central Management	Other Fund Changes
Personnel, Contract Services, Operating, and Capital Adjustments (federal funds)	(\$5,052,147)
Disaster and Emergency Preparedness Grants (federal funds)	(4,471,939)

Emergency Management Preparedness Grant ***(\$940,446)***

The Budget eliminates funding within the assistance and grants category and redirects \$940,446 in general revenues to other natural accounts within RIEMA. According to the Budget Office, “RIEMA had overbudgeted their assistance and grants category and underbudgeted in operating categories. This reduction and commensurate increase in the other categories, reflects a more accurate spending plan.” The movement of expenses from natural account to natural account was a zero-sum change.

RIEMA Managed Public Safety Warehouse ***\$579,448***

The Budget includes \$579,448 in general revenue in FY2025 for wraparound services, contract services, and the 1.0 Warehouse Manager position. This is in addition to the \$778,347 in federal SFRF funding appropriated under the Department of Administration, to cover the warehouse lease in FY2025 and into FY2026, which was originally incurred for the storage of personal protection equipment (PPE) and other necessary COVID-19 response related supplies.

The Budget includes \$100,988 in general revenue for the 1.0 Warehouse Manager position, reflecting the salary and benefit costs for nine months in FY2025. The actual full-year budget cost for the position will be \$123,482.

Analyst note: The reason for not using just SFRF to fund the Managed Public Safety Warehouse is due to the federal obligation deadline for SFRF of December 31, 2024, as well as a Pandemic Recovery Office (PRO) policy that SFRF have only paid for contractor costs, and not used for salary and benefit costs for an FTE position. In addition, The PRO does not obligate payroll costs beyond the end of a fiscal year.

Currently, the State is leasing two warehouses; one is located at 2700 Plainfield Pike, in Cranston, and owned by EIM Plainfield Pike LLC; and the other is located at 100 Higginson Avenue, in Lincoln, and owned by Waterloo Way LLP. The current plan is to use SFRF money to cover the warehouse costs until the funds are exhausted.

The current warehouse in Cranston meets the needs of RIEMA, and continuing to lease this particular warehouse is the preferred route for the Agency. The lease for the warehouse is covered with SFRF through part of the third quarter of FY2025. There is currently no other alternative warehouse to the one in Cranston that is currently being used to house not only standard disaster supplies but also medical equipment and PPE from the height of the pandemic. Currently, the lease for the Cranston warehouse is estimated at \$171,146 per quarter in FY2025.

Analyst Note: The State will enter into a lease agreement prior to January 1, 2025, that obligates the SFRF monies for the Public Health Response Warehouse Support project through December 31, 2026, the spending deadline for all SFRF.

RIEMA Managed Public Safety Warehouse	FY2024	FY2025	Change
	Enacted	Governor	
Personnel	\$0	\$100,988	\$100,988
Contract Services	-	185,960	185,960
Operating	-	292,500	292,500
Total	\$0	\$579,448	\$579,448

Operating Adjustment **\$566,270**

The Budget includes \$4.4 million in general revenue for various operating expenses, reflecting a net increase of \$566,270 from the FY2024 Budget as Enacted. The Budget includes \$3.6 million for communication system upgrades and repair, to operate and maintain the 800MHz Rhode Island Statewide Communications System Network (RISCON). The Budget reflects a \$243,977 increase for program supplies and equipment, an increase of \$144,900 for software maintenance agreements, and an increase of \$177,393 for various other operating expenses.

Assistant Director of Communications **\$194,055**

The Budget adds \$194,055 in general revenue covering the salary and benefits for a new 1.0 Communications Director position. The new position would be responsible for the Agency's communications and public information.

Emergency Management Equipment **\$138,392**

The Budget includes \$148,392 in general revenue for equipment capital purchases. This reflects an increase of \$138,392 over the previous fiscal year. The equipment purchase includes mobile LED light towers, message board trailers, and mass spectrometers, amongst other items used in emergencies. At present, the amount in the Budget reflects cost estimates and not the actual expenditures. Once the items are purchased, the expenses will be allocated amongst the various natural accounts.

Personnel, Contract Services, Operating, and Capital Adjustments (federal funds) **(\$5.1 million)**

The Budget includes \$12.6 million in federal funds for personnel, contract services, operating, and non-RICAP capital costs, reflecting a decrease of \$5.1 million in federal funds from the FY2024 Budget as Enacted. The majority of these expenses originate from annual Emergency Management Preparedness Grants.

The largest component of the decrease is a reduction of \$3.6 million for municipal and state repair projects and plowing costs associated with the January 29, 2022, blizzard, referred to as Winter Storm Kenan. In addition, the Budget includes a new State and Local Cybersecurity Grant award of \$2.2 million in both FY2024 and FY2025. This new grant was made available through the Infrastructure Investment and Jobs Act (IIJA) from FFY2022 through FFY2025 to combat cyber threats and enhance cybersecurity programs to address threats and risks to information systems.

Personnel, Contract Services, Operating, Capital - Federal	FY2024 Enacted	FY2024 Governor	Change	FY2025 Governor	Change
Winter Storm Kenan Project and Management Costs	\$6,900,148	\$3,303,544	(\$3,596,604)	\$3,303,718	(\$3,596,430)
EMPG 2022 Emergency Management Preparedness Grant	2,799,737	3,104,689	304,952	-	(2,799,737)
EMPG 2023 Emergency Management Preparedness Grant	-	961,443	961,443	2,209,307	2,209,307
SLCGP 2022 - State and Local Cybersecurity Grant Program	-	2,190,331	2,190,331	2,190,331	2,190,331
EMPG 2021 Emergency Management Preparedness Grant	1,712,489	693,192	(1,019,297)	693,192	(1,019,297)
All Other Personnel, Contract Services, Operating, Capital - Federal	6,278,099	4,703,589	(1,574,510)	4,241,778	(2,036,321)
Total	\$17,690,473	\$14,956,788	(\$2,733,685)	\$12,638,326	(\$5,052,147)

Disaster and Emergency Preparedness Grants (federal funds)**(\$4.5 million)**

The Budget includes \$16.2 million in federal funds for various federal grants and reimbursements received for storm and natural disaster events. This appropriation is \$4.5 million less than the FY2024 Budget as Enacted. These funds also reimburse preparedness efforts for terrorist threats, active shooters, hazardous material containment, and other emergency events. The preparedness efforts are intended to improve and enhance the State's ability to prevent, deter, respond to, and recover from threats and incidents. Federal grant funds vary from year to year depending upon the number and severity of natural disasters and the availability of federal funds for non-disaster grants. The following table highlights the more significant changes in FY2024 and FY2025.

RIEMA Federal Grants	FY2024 Enacted	FY2024 Governor	Change	FY2025 Governor	Change
FEMA 4505 Hazard Mitigation	\$6,025,000	\$240,968	(\$5,784,032)	\$240,968	(\$5,784,032)
SHSP 2023 State Homeland Security Grant	-	1,920,304	1,920,304	1,834,078	1,834,078
EMPG 2021 Emergency Management Preparedness Grant	1,594,778	87,643	(1,507,135)	87,643	(1,507,135)
SHSP 2020- State Homeland Security Grant Program	1,661,691	434,675	(1,227,016)	434,675	(1,227,016)
NPSG 2023 Non Profit Security Grant	-	1,064,184	1,064,184	1,034,162	1,034,162
EOCGP 2023 (Glocester) - Emergency Operations Center Grant	-	1,000,000	1,000,000	1,000,000	1,000,000
All Other Grants	11,432,727	15,479,146	(5,235,050)	11,610,731	178,004
Total	\$20,714,196	\$20,226,920	(\$9,768,745)	\$16,242,257	(\$4,471,939)

CAPITAL PROJECTS

The Budget includes \$5.7 million in RICAP funds in FY2024, reflecting an increase of \$1.0 million from the FY2024 Budget as Enacted and \$220,000 in RICAP funds in FY2025, reflecting a decrease of \$4.5 million from the FY2025 Budget as Enacted. The projects include:

RICAP Fund Projects	FY2024 Enacted	FY2024 Governor	Change	FY2025 Governor	Change
RICAP - Emergency Management Building	\$0	\$250,000	\$250,000	\$0	\$0
RICAP - RISCOON 700 MHZ Project	2,776,375	2,776,375	-	-	(2,776,375)
RICAP - RISCOON Infrastructure Upgrades	1,190,000	1,952,273	762,273	140,000	(1,050,000)
RICAP - RISCOON Tower	500,000	500,000	-	-	(500,000)
RICAP - RISCOON Warehouse	250,000	250,000	-	-	(250,000)
RICAP - State Emergency Ops Center	-	-	-	80,000	80,000
Total	\$4,716,375	\$5,728,648	\$1,012,273	\$220,000	(\$4,496,375)

- The Budget includes \$2.0 million in RICAP funds in FY2024, \$140,000 in RICAP funds in FY2025, and out-year RICAP funding of \$70,000 from FY2026 to FY2028, to upgrade the RISCOON system. The project scope includes propane generator replacements, adding propane generators to sites currently without one, and other security and wiring upgrades.
- The Budget includes \$80,000 in RICAP funds in FY2025 to fund a feasibility study of RIEMA headquarters and warehousing needs.

Department of Public Safety

Expenditures By Program	FY2023	FY2024	FY2024	Change from		FY2025	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Central Management	\$8.9	\$33.3	\$50.4	\$17.0	51.0%	\$17.3	(\$16.1)	-48.2%
E-911	7.3	9.3	7.9	(1.4)	-15.1%	11.1	1.8	19.8%
Security Services	25.3	30.3	29.3	(1.0)	-3.3%	30.7	0.4	1.4%
Municipal Police Training Academy	0.5	0.7	0.8	0.1	20.9%	0.7	0.0	3.9%
State Police	95.7	116.1	113.1	(3.0)	-2.5%	125.2	9.1	7.9%
Total	\$137.6	\$189.7	\$201.5	\$11.8	6.2%	\$185.1	(\$4.7)	-2.5%

Expenditures By Source								
General Revenue	\$111.5	\$137.0	\$136.6	(\$0.4)	-0.3%	\$122.4	(\$14.6)	-10.6%
Federal Funds	11.9	24.2	43.5	19.4	80.3%	22.7	(1.4)	-5.8%
Restricted Receipts	8.9	10.4	9.3	(1.1)	-10.5%	12.5	2.2	20.9%
Other Funds	5.3	18.2	12.1	(6.1)	-33.4%	27.4	9.2	50.5%
Total	\$137.6	\$189.7	\$201.5	\$11.8	6.2%	\$185.1	(\$4.7)	-2.5%

Authorized FTE Levels 632.2 632.2 632.0 (0.2) 0.0% 633.0 0.8 0.1%

\$ in millions. Totals may vary due to rounding

The Department of Public Safety (DPS) is the principal agency of the executive branch charged with law enforcement functions. It includes five program areas, including Central Management, E-911, the Municipal Police Training Academy, Security Services, and the State Police. The Department was created in the FY2009 Budget and is headed by the Superintendent of the State Police.

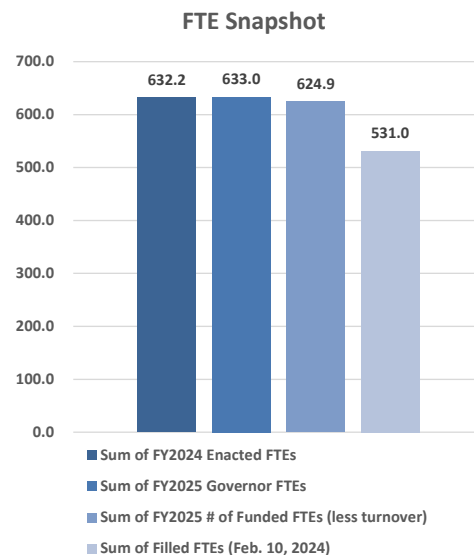
MAJOR ISSUES AND TRENDS

The FY2024 Revised Budget provides \$201.5 million to the Department of Public Safety, reflecting an increase of \$11.8 million or 6.2 percent from the FY2024 Budget as Enacted. The Budget includes \$136.6 million in general revenue, representing a decrease of \$417,257 or 0.3 percent from the FY2024 enacted level. The decrease is largely related to turnover within the Security Services program. Additionally, the Budget includes \$43.5 million in federal funds, reflecting a \$19.4 million or 80.3 percent increase from the \$24.2 million provided by the FY2024 Budget as Enacted. The increase largely reflects additional grants within the Central Management program.

The FY2025 Budget provides \$185.1 million in all funds, reflecting a decrease of \$4.7 million, or 2.5 percent from the FY2024 Budget as Enacted. The Budget includes \$122.4 million in general revenue, exhibiting a decrease of \$14.6 million from the FY2024 enacted level. Additionally, the Budget includes \$22.7 million in federal funds, reflecting a \$1.4 million, or 5.8 percent decrease from the FY2024 enacted level.

The Budget authorizes 632.0 FTE positions in FY2024 reflecting a decrease of 0.2 FTE positions and 633.0 in FY2025, reflecting an increase of 0.8 FTE positions. The additional FTE position in FY2025 represents a new Capital Police Officer, to be stationed at the State House.

Major budget initiatives within the Department include:



- **Statewide Records Management System:** The Budget includes \$3.0 million, of which \$2.5 million are restricted receipts from the E-911 wireline and wireless surcharges, to implement, install, and maintain a statewide dispatch and records management system. The records management system will provide a central point of information with a shared master index file for all participating agencies.
- **ARPA SFRF: Support for Child and Adult Survivors of Domestic Violence and Sexual Assault:** The Budget includes a total of \$10.5 million in American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) in FY2024 to fund grants for programs that support the mental health and physical safety of victims of domestic violence and sexual assault.

CENTRAL MANAGEMENT

The Central Management program consists of the Business Office, Legal Office, and Public Safety Grants Administration Office (formerly Governor's Justice Commission). The Business Office provides fiscal oversight for the Department, as well as human resources, payroll, and purchasing. The Public Safety Grants Administration Office serves as a conduit agency for a number of federal grants that flow to local and state public safety agencies. Grant administration includes both formula and discretionary grant programs.

Central Management	General Revenue
FY2024 Enacted	\$14,866,598
<hr/>	
<i>Target and Other Adjustments</i>	<i>(59,819)</i>
Body-worn Camera Project	(13,500,000)
ERP Maintenance and Operations Billings (statewide adjustments)	115,924
Centralized Services (statewide adjustments)	(3,805)
FY2025 Governor	\$1,418,898
<hr/>	
Central Management	Other Fund Changes
ARPA SFRF: Support for Survivors of Domestic Violence (federal funds)	(\$7,000,000)
FY2023 Federal Grants (federal funds)	6,901,231

Body-worn Camera Project **(\$13.5 million)**

The Budget removes \$13.5 million of general revenue in FY2025 for the Body-worn Camera Project. The FY2023 Budget as Enacted appropriated \$15.0 million for state and municipal police to purchase body-worn cameras and associated equipment, contingent on the creation of the initiative's rules and regulations. The rules and regulations took effect on October 19, 2022, and departments began implementing the changes. The FY2024 Budget as Enacted shifted \$13.5 million of the \$15.0 million total to FY2024 and directed any unspent funds be re-appropriated to FY2024. The Budget does not include funding in FY2025; however, the FY2024 Supplemental Budget has language requiring any unspent funds be reappropriated to FY2025.

In 2021, the General Assembly authorized a statewide program to put body-worn cameras on every frontline police officer and supervisor in Rhode Island. The statewide program is designed to equip approximately 1,700 of Rhode Island's uniformed patrol officers - across every municipal police department and the Rhode Island State Police with body-worn cameras.

ARPA SFRF: Support for Survivors of Domestic Violence (federal funds) **(\$7.0 million)**

The Budget removes \$7.0 million of SFRF in FY2025 due to the conclusion of the Support for Survivors of Domestic Violence project. The project provided grants to programs that support both the mental health and physical safety of victims of domestic violence and sexual assault. The FY2023 Budget as Enacted provided \$3.5 million for FY2023, FY2024, and FY2025, reflecting a total appropriation of \$10.5 million. The FY2024 Budget as Enacted advanced the FY2025 funds to FY2024, in order to remain compliant with

U.S. Treasury requirements. The FY2024 Revised Budget shifts all funding to FY2024. The total appropriation of \$10.5 million remains unchanged and funds will be awarded within FY2024.

Background: Rhode Island serves domestic violence and sexual assault survivors through a network of non-profit agencies that are largely supported with public funding. These organizations provide various types of assistance including safe housing, wraparound services, counseling, trauma-related mental health, and other supports to victims. Primary agencies include Day One, the Aubin Center at Rhode Island Hospital, Sojourner House, members of the Rhode Island Coalition Against Domestic Violence, and other community agencies.

According to DPS, demand for services for survivors of domestic violence and sexual assault regularly surpasses the ability of the provider system to meet it. The pandemic significantly exacerbated this demand. Extensive waitlists exist for supportive housing and mental health services. DPS notes for instance, that domestic violence calls to RI Victims of Crime hotline in July and August 2020, increased year-over-year by 93.7 percent and 69.5 percent, respectively.

The State’s primary program addressing victims of domestic violence and sexual assault is the Victims of Crime Act Grant (VOCA), a federal formula grant that is funded by the US Department of Justice. VOCA funds have decreased in recent years due to changes in federal settlement agreements.

SFRF Initiative: In order to address gaps in funding and services that support the mental health and physical safety of victims, the State has implemented a new grant program that complements the VOCA program. The program receives \$3.5 million in SFRF funds in FY2023 and \$7.0 million in FY2024, for a total of \$10.5 million.

Current Status: The Department indicates that it was challenging to secure a team of reviewers for this project due to time commitments of staff and the amount of time it would take to conduct a thorough review of the submitted proposals. However, they were able to establish a three-member team who reviewed the proposals in late December 2023 through January 2024. The following table summarizes the funds to be awarded.

Non-Profit	Award Amount
Sojourner House	\$5,233,728
Blackstone Valley Advocacy Center	2,211,961
Crossroads RI	1,224,425
Family Service of RI	1,097,336
McAuley Ministries	406,611
Total	\$10,174,061

FY2023 Federal Grants (federal funds) \$6.9 million

The Budget includes an additional \$6.9 million in federal funds related to grants provided by the federal government. The Department’s Public Safety Grant Administration Office (PSGAO) administers the application and tracking process for grants and the Criminal Justice Policy Board approves the projects that will receive grant funding. The PSGAO indicates that the State’s grant administration program “eCivis” has presented issues and is partially responsible for a delay in the distribution of the Department’s grants. The PSGAO and Criminal Justice Policy Board are currently planning the optimum use for the grants but due to the nature of eCivis, the grants are released one at a time. The PSGAO is still processing the 2018 Edward Byrne Memorial Justice Assistance Grant due to unrelated litigation that concluded in late 2021. The following table illustrates the new grants included in the FY2025 Budget.

FY2023 Federal Grants	Federal Funds
Community-Based Violence Intervention and Prevention (CVI)	\$3,007,500
VICTIM Assistance Formula Grant (VOCA)	1,009,050
Byrne/Justice Assistance Grant Formula Grant (JAG)	808,950
OVW Sexual Assault Services Formula Program	750,750
OVW STOP/Violence Against Women Formula Program (STOP/VAWA)	701,950
Juvenile Justice & Delinquency Prevention - Title II (JJDP)	327,210
Coverdell Forensic Science Improvement Formula Grant	100,020
State Justice Statistics Program for Statistical Analysis Centers (SJS)	88,476
Project Safe Neighborhood (PSN)	80,020
Law Enforcement Mental Health and Wellness	25,575
Residential Substance Abuse Treatment (RSAT)	1,130
National Criminal History Improvement Program (NCHIP)	600
Total	\$6,901,231

E-911

The objective of the E-911 Uniform Emergency Telephone System is to maintain a statewide emergency telephone system providing prompt transfers of E-911 calls to the appropriate responding fire department, medical rescue service, or law enforcement agency. The Division operates 24 hours a day, 7 days a week. E-911 has a primary public safety answering point (PSAP) located in the State Police Headquarters complex in North Scituate, as well as a secondary PSAP in North Providence. Backup PSAP facilities are considered best management practices to provide service continuity if an emergency affects the primary PSAP. Article 2 of the FY2020 Budget as Enacted provided a dedicated funding stream for E-911 services by shifting all E-911 surcharge fee revenue from general revenue to a restricted receipt account, the E-911 Fund.

E-911	Restricted Receipts
FY2024 Enacted	\$9,269,543
<i>Target and Other Adjustments</i>	<i>(216,282)</i>
Statewide Records Management System (restricted receipts)	2,499,500
Personnel Salary and Benefit Adjustment (restricted receipts)	(448,795)
Surcharge Revenue and Fund Balance	Informational
FY2025 Governor	\$11,103,966

Statewide Records Management System (restricted receipts) \$2.5 million

The Budget includes \$2.5 million in restricted receipts for the installation and implementation of a Statewide Dispatch and Records Management System (RMS). The RMS will be a centralized public safety dispatch and records management system to be utilized by the Department in addition to other law enforcement agencies throughout the state. Currently, law enforcement and fire agencies independently manage their records management systems, many of which are over 20 years old and integration amongst the current systems is limited. The Department believes that the lack of system integration is driving duplicate business processes and creating concerns surrounding officer safety and situational awareness. Furthermore, participating agencies are unable to easily extract and analyze statewide crime data and base proactive and targeted policing strategies on real-time data. The Department believes that the RMS will resolve these concerns and allow for a centralized and united records management system.

Analyst Note: As of February 2024, the Department indicates that 24 of the 38 municipal agencies, or 63.2 percent, intend to participate in the RMS. Of the municipal agencies that declined, the primary reason provided is the increase in cost from what the municipality currently pays.

Personnel Salary and Benefit Adjustment (restricted receipts) (\$448,795)

The Budget provides \$6.3 million in restricted receipts for personnel within the E-911 Program, reflecting a decrease of \$448,795 from the FY2023 Enacted Budget. The adjustment includes a decrease of \$395,122 in salaries, largely related to a \$325,647 reduction in regular wages. The Department indicates that the adjustment is due to the number of senior people who have left with longevity pay, and increased assumption of turnover based upon historical data as well as the removal of 0.6 FTE for legal counsel. The following table illustrates the adjustment.

Personnel Salary and Benefits	FY2024	FY2025	Change
	Enacted	Governor	
Salaries	\$3,741,075	\$3,345,411	(\$395,664)
Benefits	2,507,408	2,469,912	(37,496)
Statewide Benefit Assessment	147,781	132,146	(15,635)
Overtime	350,000	350,000	-
Total	\$6,746,264	\$6,297,469	(\$448,795)

Surcharge Revenue and Fund Balance Informational

The FY2020 Budget as Enacted reconfigured the telecommunication surcharges that support emergency services and first response programs, including the E-911 program. Previously, there was a \$1.00 emergency services and first response surcharge on wireline, wireless, and prepaid telecommunication services and an additional \$0.26 technology surcharge on just wireless services. 90.0 percent of the revenue from the \$1.00 surcharge was deposited as general revenue with the balance placed into the State’s Information Technology Investment Fund. The \$0.26 surcharge was deposited into a restricted receipt account to support State geographic information system (GIS) and other technology improvements.

Article 2 of the FY2020 Budget as Enacted eliminated both of these surcharges and established two new ones. A new \$0.50 E-911 surcharge was established to support the E-911 program. Revenue from the surcharge is deposited into a dedicated restricted receipt account within the Department of Public Safety (DPS) explicitly reserved to support the E-911 system. A first response surcharge was also established to support first responder services across the State. The surcharge amount varies by telecommunication type and ranges from \$0.50 to \$0.75. The revenue from this surcharge is deposited as general revenue, with 10.0 percent of the funds collected transferred to the Information Technology Investment Fund (ITIF).

In FY2025, \$10.9 million is projected to be collected from the First Response Surcharge, of which, \$1.1 million will be deposited into the ITIF, and the remaining \$9.8 million will be transferred to the general fund. Additionally, \$7.2 million is projected to be collected as E-911 restricted receipts. The following table illustrates the fund’s revenues, expenditures, and transfers from FY2010 through FY2025. The expenditures in FY2023 are audited figures.

E-911 Surcharge and First Response Surcharge Revenues vs. Expenditures

Fiscal Year	E-911			E-911 Expenditures	Deposit to ITIF	Net to General Fund
	E-911 Surcharge	First Response Surcharge	Restricted Receipts			
2010	\$17,898,223	-	-	\$4,635,901	-	\$13,262,322
2011	17,248,460	-	-	4,829,770	-	12,418,690
2012	17,255,770	-	-	4,766,586	-	12,489,185
2013	17,507,117	-	-	5,103,735	-	12,403,382
2014	17,454,670	-	-	5,444,296	-	9,798,629
2015	17,640,703	-	-	5,320,615	-	12,320,088
2016	18,130,694	-	-	5,499,050	1,480,947	11,150,697
2017	18,280,846	-	-	5,699,440	1,435,310	11,146,096
2018	18,660,771	-	-	5,894,522	1,588,357	11,177,893
2019	18,886,107	-	-	5,899,730	1,545,323	11,441,053
2020	4,598,771	6,922,020	5,242,464	6,519,118	1,181,109	9,063,027
2021	4,182	10,451,821	8,329,344	7,197,039	1,045,535	9,406,285
2022	31,897	10,625,484	8,080,045	7,106,599	1,062,497	9,562,987
2023	-	10,834,241	7,897,162	7,252,509	1,083,822	9,750,419
2024*		11,071,492	7,277,850	9,269,543	1,107,149	9,964,343
2024**		10,845,184	7,237,289	7,873,641	1,084,518	9,760,666
2025		10,859,853	7,247,078	11,103,966	1,085,985	9,773,868

* Expenditures reflect the FY2024 Budget as Enacted.

** Expenditures reflect the FY2024 Revised Budget.

Source: Office of Revenue Analysis 3/21/2024

SECURITY SERVICES

The Security Services program consists of the Capitol Police and the Division of Sheriffs. The Capitol Police have arrest powers and provide security at 13 State buildings, including the State House, the courthouses, and numerous executive branch facilities. The Sheriffs are responsible for statewide activities assigned by law which relate to the duties and functions of the sheriffs in several counties. The Division is responsible for courtroom security, judicial security, cellblock security, transportation of individuals charged with crimes, interstate prisoner extraditions, and service of process.

Security Services	General Revenue
FY2024 Enacted	\$30,293,311
<i>Target and Other Adjustments</i>	<i>33,184</i>
Salary and Benefit Adjustment	396,403
Turnover	(281,903)
Centralized Services (statewide adjustments)	124,766
Capitol Police FTE Position	99,338
Judiciary Lease Payments	46,298
FY2025 Governor	\$30,711,397

Salary and Benefit Adjustments**\$369,403**

The Budget provides \$27.5 million in general revenue to support the salary and benefits of personnel within the Security Services Program, reflecting an increase of \$396,403 from the FY2024 enacted level. The increase includes \$19,166 for the Capitol Police and \$377,232 for the Sheriffs. Both turnover and the additional Capitol Police Officer authorized in the FY2025 Budget is not represented in this adjustment. The following table illustrates the increase.

	FY2024 Enacted	FY2025 Governor	Change
Capitol Police			
Benefits	\$1,830,925	\$1,857,169	\$26,244
Overtime	773,317	805,000	31,683
Salaries	2,673,977	2,639,006	(34,971)
Statewide Benefit Assessment	53,674	49,884	(3,790)
Subtotal	\$5,331,893	\$5,351,059	\$19,166
Sheriffs			
Benefits	\$8,177,337	\$8,242,149	\$64,812
Overtime	727,269	765,000	37,731
Salaries	12,642,621	12,921,019	278,398
Statewide Benefit Assessment	242,815	239,111	(3,704)
Sub-Total	\$21,790,042	\$22,167,279	\$377,237
Total	\$27,121,935	\$27,518,338	\$396,403

Turnover (\$281,903)

The Budget includes \$506,903 in general revenue for turnover savings in FY2025, reflecting an increase of \$281,903 in savings from the FY2024 enacted level. The Sheriffs unit represents the majority of the turnover savings, increasing by \$227,941 to \$452,941. Capitol Police Unit contains \$53,962 in turnover savings, all of which represents an increase as the Budget as Enacted did not provide any turnover savings. The Department indicates that there are 138.0 positions filled in the Sheriffs division including civilians and that the Chief is leaving for another State job at the end of the month. Additionally, the division expects to graduate 11.0 trainees in May of 2024. The Budget provides funding for 180.0 positions within the division.

Capitol Police FTE Position \$99,338

The Budget includes \$99,338 in general revenue to support the salary and benefits of 1.0 Capitol Police Officer position. The new position will further bolster uniformed security presence at the State House and be assigned to the parking lot, pursuant to RIGL 37-8-14.

Judiciary Lease Payments \$46,298

The Budget provides an additional \$46,298 in general revenue reflecting increased rates for leased property. The Judiciary bills the Department for occupancy at courtrooms statewide and rates are adjusted annually. The Department indicates that the rate adjustment traditionally occurs through a statewide adjustment, but this year, the Judiciary provided the Department with a Memorandum of Understanding. There is a corresponding charge of \$96,043 in the FY2024 Revised Budget.

MUNICIPAL POLICE TRAINING ACADEMY

The Rhode Island Municipal Police Training Academy was established in 1969 and assigned to train and certify municipal law enforcement officers for all municipalities except for the City of Providence. Municipalities do not pay to send recruits to the Academy, but they do provide in-kind services including officer time to teach courses and meeting and firing range space. Recruits are paid by municipalities for their time spent at the Academy. Since the first training class in 1970, the Academy has graduated 114 classes. The Academy runs two to three classes and 80 to 100 professional development workshops annually. Since 1981, the Academy has been located at the Community College of Rhode Island (CCRI) Flanagan Campus in the Town of Lincoln.

Municipal Police Training Academy	General Revenue
FY2024 Enacted	\$290,366
<i>Target and Other Adjustments</i>	1,475
Increase to Operating Supplies and Expenses	7,273
FY2025 Governor	\$299,114

Increase to Operating Supplies and Expenses* **\$7,273*

The Budget includes \$69,527 of general revenue to provide operating supplies and expenses for the Municipal Police Training Academy program, reflecting an increase of \$7,273 from the enacted level. The adjustment includes an additional \$4,725 to support training the cadets with the Department's new Records Management System.

STATE POLICE

The Rhode Island State Police are a uniformed and investigative law enforcement agency with statewide jurisdiction. The agency is organized into three bureaus: the Administrative Bureau, Uniform Bureau, and Detective Bureau. The Administrative Bureau consists of both sworn command staff and civilian personnel and provides overall management and support. The Uniform Bureau is responsible for preventing crime and investigating criminal and noncriminal activities. The Uniform Bureau also establishes highway safety through the enforcement of motor vehicle laws with emphasis on hazardous moving violations, i.e. drunk driving and speeding. The Detective Bureau is the primary investigative unit that helps the Attorney General's Office and other agencies in investigating organized and white-collar crime and provides support to police agencies throughout the State.

State Police	General Revenue
FY2024 Enacted	\$91,562,926
<i>Target and Other Adjustments</i>	70,523
Personnel Salary and Benefit Adjustment	(930,460)
State Police Miscellaneous Expenses	(836,000)
Capital Purchases and Equipment Adjustment	(340,000)
Loan Repayment to State Fleet Revolving Loan Fund	211,000
Communications System Maintenance	141,642
Contract Services State Police Training Academy	115,000
FY2025 Governor	\$89,994,631

Personnel Salary and Benefit Adjustment* **(\$930,460)*

The Budget includes \$75.9 million of general revenue for personnel expenditures within the State Police program, reflecting a decrease of \$930,460 from the enacted level of \$76.8 million. The adjustment includes reductions of \$529,283 in benefits and \$306,785 in overtime offset by a \$38,422 increase for the statewide benefit assessment. The adjustment reflects turnover due to vacancies in addition to the \$466,000 Commission on Accreditation for Law Enforcement Agencies (CALEA) bonus removed from the last Rhode Island Troopers Association contract. The following table illustrates the adjustment.

Salary and Benefits Adjustment	FY2024 Enacted	FY2025 Governor	Change
Benefits	\$37,190,088	\$36,660,805	<i>(\$529,283)</i>
Salaries	33,182,535	33,049,721	<i>(132,814)</i>
Overtime	5,744,483	5,437,698	<i>(306,785)</i>
Statewide Benefit Assessment	666,945	705,367	38,422
Total	\$76,784,051	\$75,853,591	<i>(\$930,460)</i>

Analyst Note: Governor's Budget Amendment 4, issued on March 11, 2024, redirects \$1.1 million of general revenue from planned personnel expenditures to finance a 20-trooper training academy, to occur in FY2025. The amendment does not provide the Department with any additional funding.

State Police Miscellaneous Expenses **(\$836,000)**

The Budget includes \$15,540 of general revenue to support miscellaneous expenses within the Support sub-program of the State Police, representing a reduction of \$836,000 from the enacted level. The Department indicates that the expenses reflect various uniform and equipment needs for the FY2024 Academy.

Capital Purchases and Equipment Adjustment **(\$340,000)**

The Budget includes \$1.3 million of general revenue to purchase capital equipment, reflecting a decrease of \$340,000 from the enacted level. The adjustment is primarily comprised of a \$240,000 reduction for computer equipment in excess of \$500,000. Funding for the computer equipment was provided in the FY2024 Budget as Enacted and removed in the FY2024 Supplemental as well as the FY2025 Budget. The additional \$100,000 reduction relates to architectural and engineering purchases and equipment.

Loan Repayment to State Fleet Revolving Loan Fund **\$211,000**

The Budget includes \$811,000 of general revenue for loan repayment to the State Fleet Revolving Loan Fund, reflecting an increase of \$211,000 from the enacted level. The FY2024 Revised Budget includes an additional \$3.3 million in surplus general revenue related to turnover for the upfront purchase of 51 vehicles in FY2024, in lieu of utilizing the State Fleet Revolving Loan Fund. The increase in FY2025 reflects the annual adjustment to the loan repayment schedule.

Communications System Maintenance **\$141,642**

The Budget includes \$186,642 of general revenue to support maintenance to the Department's communications system, reflecting an increase of \$141,642 from the FY2024 enacted level. The increase is attributable to the annual inspection of State Police Managed Towers and Towers of Maintenance.

Contract Services State Police Academy **\$115,000**

The Budget includes \$115,000 of general revenue to support contract services associated with the State Police Academy. The increases include \$45,000 for other professional services, \$40,000 for doctors and dentists, and \$30,000 for communications and media.

CAPITAL PLAN PROJECTS

The Budget includes a total of \$23.6 million of Rhode Island Capital Plan (RICAP) funds for projects in FY2025, reflecting an increase of \$9.5 million from the FY2024 Budget as Enacted. The following table illustrates the adjustment for fiscally significant projects.

RICAP Funded Projects	FY2024	FY2024	Change	FY2025	Change
	Enacted	Governor		Governor	
Southern Barracks	\$10,465,719	\$4,000,000	(\$6,465,719)	\$20,000,000	\$9,534,281
Training Academy Upgrades	1,400,000	1,352,461	(47,539)	1,250,000	(150,000)
Department of Public Safety Asset Protection	2,053,000	2,573,600	520,600	2,125,000	72,000
Statewide Communications System Network	249,754	245,048	(4,706)	245,048	(4,706)
Total	\$14,168,473	\$8,171,109	(\$5,997,364)	\$23,620,048	\$9,451,575

- **Southern Barracks:** The Budget provides \$38.3 million in total RICAP funds through FY2026, including \$20.0 million in FY2025, for a new State Police barracks to be located in West Greenwich. In 2018, the Department of Public Safety initiated a comprehensive planning review and feasibility study related to the Rhode Island State Police (RISP) barracks facilities located in Wickford, Hope Valley, and Portsmouth. The review and study were completed in the Fall of 2019 and were coordinated by a master planning committee consisting of members of the RISP, representatives from the

Department of Administration, and an architectural and engineering design firm. The committee found that the existing three barracks, which were built in the 1930s, did not meet the modern public safety and policing requirements of the State Police. It was originally determined that it was not feasible to renovate each of the existing structures and therefore is necessary to build a new, combined barracks in the southern part of the State. The preferred location is a parcel of land located off Route 95 at Exit 7 in West Greenwich. Upon completion, the Department plans to decommission the assets and revert ownership of the Wickford and Hope Valley barracks to the Department of Administration. The Department anticipates the project to be completed in FY2026 and the resources located at the Wickford and Hope Valley facilities will be transferred to the new barracks.

The FY2024 Budget as Enacted directed the Department to conduct a feasibility study to examine the appropriate state police presence for Aquidneck Island, which will determine if the Portsmouth Barracks will also be renovated. The Department indicates that the RFP for the feasibility study was submitted, did not receive any bids, and has been submitted for a second time.

Analyst Note: The Department indicates that they have experienced difficulty soliciting responses to feasibility study RFPs. The feasibility study for the Emergency Vehicle Obstacle Course had to be extended and the Field House Study is currently posted.

- **Training Academy Upgrades:** The Budget provides \$6.2 million in total RICAP funds through FY2029, including \$1.3 million in FY2025 to support improvements at the State Police Training Academy in Foster. The project began in 2018 and spent \$491,649 prior to FY2023. Improvements in FY2025 include upgrades to the training academy's classrooms, environmental and safety additions to the firing range, and the administration of two feasibility studies. One study will examine the need for a new field house and the other will examine the emergency vehicle obstacle course.
- **Asset Protection:** The Budget provides \$10.0 million in RICAP funds through FY2029, including \$2.1 million in FY2025, to finance the maintenance of various facilities throughout the Department, reflecting a \$72,000 increase from the FY2024 enacted level. Asset protection projects include maintenance for the communications towers at Lincoln Barracks, Portsmouth Barracks, Dawley Park, and the Department Headquarters, as well as renovations to the Richard Rhodes Administrative Building in order to facilitate its Americans with Disabilities Act (ADA) compliance.
- **Statewide Communications System Network:** The Budget provides \$1.2 million through FY2026, including \$245,048 in FY2025, to finance an upgrade to the State Police microwave loop network, which is a statewide 6Ghz digital network comprised of 5 microwave hops connecting key radio transmission sites and facilitates statewide. The Rhode Island Statewide Communications Network (RISCON) is managed by the Rhode Island Emergency Management Agency (RIEMA) and serves as the primary radio communications platform for the Department of Public Safety, as well as the Department of Transportation, Rhode Island Public Transit Authority, and numerous other agencies and departments throughout the State.

Office of the Public Defender

Expenditures By Program	FY2023 Actual	FY2024 Enacted	FY2024 Governor	Change from Enacted		FY2025 Governor	Change from Enacted	
Central Management	\$13.8	\$15.8	\$15.3	(\$0.4)	-2.8%	\$15.9	\$0.1	0.8%

Expenditures By Source	FY2023 Actual	FY2024 Enacted	FY2024 Governor	Change from Enacted		FY2025 Governor	Change from Enacted	
General Revenue	\$13.8	\$15.7	\$15.2	(\$0.5)	-2.9%	\$15.8	\$0.1	0.9%
Federal Funds	0.0	0.1	0.1	0.0	4.3%	0.1	(0.0)	-15.5%
Total	\$13.8	\$15.8	\$15.3	(\$0.4)	-2.8%	\$15.9	\$0.1	0.8%

Authorized FTE Levels	100.0	104.0	104.0	-	-	104.0	-	-
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\$ in millions. Totals may vary due to rounding

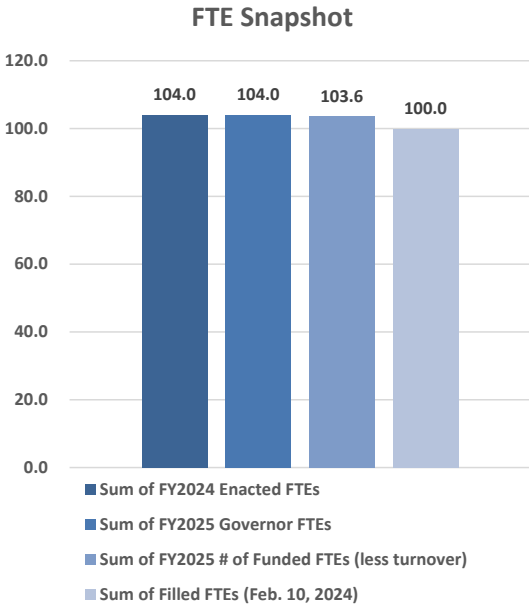
The Office of the Public Defender represents indigent adults and juveniles who are charged with criminal offenses or who are in jeopardy of losing custody of their children to the State. Referrals come from the Supreme, Superior, District and Family Courts. All who are financially eligible are assigned to a staff attorney for representation in the appropriate court. The main office and two branch locations are located in Providence. Three additional offices are located in the southern half of the state. The metropolitan areas of Providence and Newport account for the bulk of the cases. The Office includes four basic divisions of attorneys: appellate, criminal trial (including separate felony and misdemeanor units), juvenile, and parental rights. The Public Defender is appointed by the Governor to a six-year term, with the advice and consent of the Senate.

MAJOR ISSUES AND TRENDS

The Office of the Public Defender is funded almost entirely by general revenue. The FY2024 Revised Budget includes \$15.3 million in all funds, of which, \$15.2 million, or 99.4 percent, is general revenue. The Budget reduces general revenue by \$453,926 or 2.9 percent from the enacted level, reflecting an overall decrease of \$449,556 or 2.8 percent in all funds from the FY2024 Budget as Enacted. The general revenue reduction is largely personnel based, including \$274,048 in additional turnover savings due to resignations of long-tenured employees and extended periods of vacant positions. The Office indicates that 64.0 percent of the non-executive attorney staff has turned over since 2020.

The FY2025 Recommended Budget includes \$15.9 million in all funds, representing a net increase of \$125,809 or 0.8 percent from the FY2024 enacted level. The Budget increases general revenue by \$141,439 to \$15.8 million, largely related to an increase in personnel medical benefits.

The Office indicates that it has a caseload crisis and requests additional staff and an increase in compensation to provide legal representation to the State’s indigent population. According to the endorsed ethical misdemeanor caseload limits from the American Bar Association (ABA), the Office should assign each District Court lawyer no more than 400 misdemeanor cases per year. The Office further indicates that in FY2023, attorneys were assigned, on average 223.0 percent over the ABA’s ethical limit. Moreover, the Office reports an \$18,000 disparity between the average non-executive criminal attorney positions in the Office



of the Attorney General and that of the Public Defender. The caseload and lack of personnel led the Office to suspend misdemeanor representation in Washington and Newport counties last year, requiring the State to appoint attorneys to represent individuals who could not afford one. The Office cites the excessive caseload and disparity in compensation as significant factors for their inability to retain staff. The Office requests \$641,458 in general revenue funding that would reduce the salary disparity from \$18,000 to \$11,000. The Governor's Budget does not include the increase.

Both the FY2024 Revised and FY2025 Recommended Budgets authorize 104.0 FTE positions, consistent with the enacted level.

Central Management	General Revenue
FY2024 Enacted	\$15,694,120
<i>Targets and Other Adjustments</i>	
	166
Personnel: Benefits Adjustment	116,658
ERP Maintenance and Operation Billings (statewide adjustments)	24,615
FY2025 Enacted	\$15,835,559

Personnel: Benefits Adjustment **\$116,658**

The Budget includes \$5.3 million of general revenue to fund personnel benefits in the Central Management program, reflecting a net increase of \$116,658 from the FY2024 Budget as Enacted. The adjustment includes a \$205,622 increase for medical insurance which is offset by a \$49,243 reduction in retiree health insurance. The increase in medical insurance represents greater than anticipated rates. The following table illustrates the benefit adjustment.

Personnel: Benefits Adjustment	FY2024 Enacted	FY2025 Governor	Change
Medical Insurance	\$1,414,932	\$1,620,554	\$205,622
Retiree Health Insurance	384,687	335,444	(49,243)
<i>Additional Benefits</i>	<i>3,344,859</i>	<i>3,305,138</i>	<i>(39,721)</i>
Total	\$5,144,478	\$5,261,136	\$116,658

Department of Environmental Management

Expenditures By Program	FY2023	FY2024	FY2024	Change from		FY2025	Change from	
	Final	Enacted	Governor	Enacted		Governor	Enacted	
Office of the Director	\$41.8	\$13.7	\$14.5	\$0.7	5.3%	\$13.9	\$0.1	1.1%
Bureau of Natural Resources	72.9	79.5	83.7	4.3	5.4%	93.9	14.4	18.1%
Bureau of Environmental Protection	35.3	34.6	38.8	4.2	12.2%	38.6	4.0	11.6%
Total	\$150.1	\$127.8	\$137.0	\$9.2	7.2%	\$146.4	\$18.6	14.5%
Expenditures By Source								
General Revenue	\$82.7	\$58.7	\$57.9	(\$0.8)	-1.3%	\$57.2	(\$1.5)	-2.6%
Federal Funds	34.5	31.1	38.3	7.2	23.2%	36.0	4.9	15.9%
Restricted Receipts	17.6	17.8	21.1	3.3	18.3%	21.3	3.5	19.6%
Other Funds	15.2	20.2	19.7	(0.5)	-2.6%	31.9	11.6	57.5%
Total	\$150.1	\$127.8	\$137.0	\$9.2	7.2%	\$146.4	\$18.6	14.5%
Authorized FTE Levels	417.0	425.0	425.0	-	0.0%	437.0	12.0	2.8%

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

The Department of Environmental Management (DEM) is responsible for protecting, managing, and restoring the natural resources of the State. The Department is organized into three divisions: the Office of the Director, the Bureau of Natural Resources, and the Bureau of Environmental Protection.

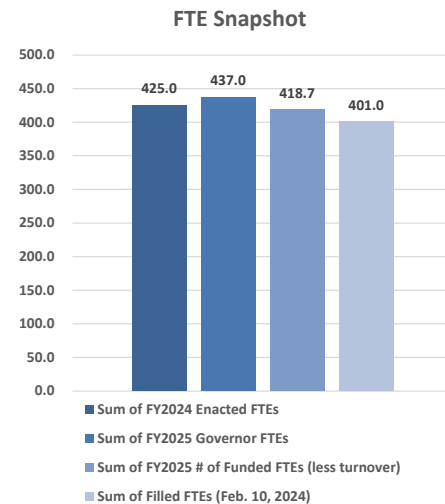
The Department is charged with supervising and controlling the protection, development, planning, and utilization of the natural resources of the state; the promotion of agriculture and animal husbandry; and, providing for the maintenance of waterways and boating facilities.

MAJOR ISSUES AND TRENDS

The FY2025 Budget includes an all funds increase of \$18.6 million, or 14.5 percent from the FY2024 Budget as Enacted. The Budget includes a \$1.5 million (2.6 percent) decrease in general revenue expenditures due primarily to a decrease of \$1.5 million for farmland preservation and a decrease of \$100,000 for the removal of non-native plant in 100 Acre Pond, partially offset by an increase of \$200,000 in general revenue for West Nile Virus/Eastern Equine Encephalitis Surveillance and \$100,000 for the RI Seafood Marketing Collaboration. The increase in federal funds is due to the ramping up of spending in existing grant programs. The net increase in restricted receipts is primarily due to increased spending from the Underground Storage Tank (UST) fund, while the increase in other funds is driven by RICAP funded repairs to state-owned dams.

In the FY2024 Revised Budget, the Governor requires the Department of Environmental Management (DEM) to transfer \$2.0 million from the Underground Storage Tank Trust Fund to the State Controller by June 30, 2024.

The Budget authorizes 437.0 FTE positions in FY2025, an increase of 12.0 FTE positions from the FY2024 Budget as Enacted, and 425.0 FTE positions in FY2024, consistent with the enacted level. The new positions will allow for the transition of seasonal employees to full-time positions.



OFFICE OF THE DIRECTOR

The Office of the Director includes the Office of Management Services, Legal Services, Administrative Adjudication, and the two central service offices of Human Resources and Information Technology. The Office is responsible for developing and implementing programs to protect the State’s environment, protect citizens from public health threats resulting from pollution, and provide facilities that support outdoor recreational activities.

Office of the Director	General Revenue
FY2024 Enacted	\$9,227,652
<i>Target and Other Adjustments</i>	<i>67,199</i>
Centralized Services (statewide adjustments)	(350,448)
FY2025 Governor	\$8,944,403

BUREAU OF NATURAL RESOURCES

The Bureau of Natural Resources is comprised of six divisions which manage the State’s marine, freshwater, and upland resources. The Bureau administers the State’s agriculture programs, state land acquisitions, and local matching grant programs for outdoor recreation. The Bureau is also responsible for enforcing state laws and regulations governing hunting and fishing, public safety in state parks, and recreational boating; and for administering, maintaining, and operating eight state parks, five campgrounds, seven state beaches, a golf course, the East Bay and Blackstone Bike Paths, and 40,000 acres of state-owned forests. Furthermore, the Bureau is responsible for oversight of all land leases and capital assets of port facilities and commercial fishing piers in Narragansett and Newport.

Bureau of Natural Resources	General Revenue
FY2024 Enacted	\$33,553,651
<i>Target and Other Adjustments</i>	<i>94,678</i>
Farmland Preservation and Conservation	(1,514,000)
West Nile Virus/Eastern Equine Encephalitis Surveillance	200,000
RI Seafood Marketing Collaboration	100,000
Non-Native Plant Removal	(100,000)
Parks and Recreational Seasonal Employees to FTEs (12.0 FTE positions)	29,412
Local Agriculture and Seafood (LASA) Grants	Informational
FY2025 Governor	\$32,363,741

Farmland Preservation and Conservation (\$1.5 million)

The shifts \$986,000 in general revenue for farmland preservation and conservation that was appropriated in FY2024 into FY2025. This is a reduction of \$1.5 million from the FY2024 Budget as Enacted, to allow time for the real estate transactions for the identified farms to close, which generally takes one and a half to two years. These purchases are traditionally funded through the five-year capital plan; however, since this portion was funded with general revenue, the funds will need to be shifted into FY2025 to allow for the use of the funds. The FY2024 Budget as Enacted included \$2.5 million in general revenue to re-capitalize the farmland acquisition fund for the purchase and protection of farmland in danger of converting

to non-agricultural use. This land is restricted to agricultural use, and either sold or leased to qualified farmers. The proceeds from the sale of the land will be credited back to the account for use in new projects.

West Nile Virus/Eastern Equine Encephalitis Surveillance **\$200,000**

The Budget includes \$200,000 in general revenue to support the cooperative agreement between DEM and the Department of Health (DOH) for mosquito surveillance and abatement. Previously the program was funded with grant funds from the federal Centers for Disease Control and Prevention (CDC); however, these funds have expired.

RI Seafood Marketing Collaborative **\$100,000**

The Budget provides \$100,000 in general revenue to support local fishermen and small seafood business, and to increase awareness and consumption of locally fished species. The Rhode Island Seafood Marketing Collaborative (SMC) was created through RIGL 20-38 in 2011 to support and work collaboratively with the local fishing community to promote the marketing and sustainability of Rhode Island Seafood. However, the Collaborative was never given a direct appropriation.

From 2011 to 2020, the Collaborative was supported with \$20,000 in redirected Local Agriculture and Seafood Act (LASA) funds. In 2021 the Department received \$300,000 in federal Saltonstall Kennedy Grant funds from NOAA, which ended in 2023. The grant funds were used to create a consumer awareness initiative to increase the sales and seafood value at local venues, the outcome of which is being tracked by the University of Rhode Island. In FY2024, \$300,000 in CARES Act funds was used to support the program; however, in FY2025 these funding sources will be exhausted. In FY2025, the general revenue will be used to contract a seafood marketing specialist.

According to the Department, the fishing and seafood industry contributes more than \$130.0 million a year in economic output and Point Judith is one of the top three highest producing seafood ports on the East Coast; however, over 70.0 percent of the state's seafood is exported.

Non-Native Plant Removal **(\$100,000)**

The Budget discontinues \$100,000 in general revenue to address invasive weeds in 100 Acre Pond in South Kingstown that was provided in the FY2024 Budget as Enacted. The pond has been impacted by non-native rooted plants, including fanwort and variable-leaf milfoil, for several years resulting in significant drop in dissolved oxygen (DO) levels in the lake and negative impacts on the habitat.

Parks and Recreational Seasonal Employees to FTEs (12.0 FTE positions) **\$29,412**

The Budget includes a net increase of \$29,412 to shift temporary, seasonal positions to full-time employees within the Division of Parks and Recreation. DEM's ability to hire seasonal employees has declined over the last few years, despite increases in the minimum wage, resulting in staffing shortages at State parks and beaches. DEM estimates this initiative eliminates funding for about 100 seasonal positions, leaving funding for about 390 seasonal positions; however, DEM will manage the hiring of these positions to the available budget. Over the last four seasons, DEM has filled an average of 339 seasonal positions. The impacted positions include 8.0 FTE maintenance technician positions to address issues at facilities such as restrooms and visitor centers. Another 4.0 FTE information aide positions will provide clerical, administrative, and customer service support to allow park and beach managers more time to focus on the facilities. The positions will be distributed among the regions as follows:

- Region 1, including Lincoln Woods and the Blackstone Valley bike path, is the busiest year-round facility and will receive 2.0 FTE positions;
- Region 5, including Misquamicut state beach and the Burlingame Campground, will receive 3.0 FTE positions. This is in response to requests from the Misquamicut Business Association and the Town of Westerly;
- Region 6, including Fort Adams and Brenton Point State parks, will receive 2.0 FTE positions;

- The remaining 5.0 positions will be apprenticeship level as part of a workforce development initiative to begin a statewide parks apprenticeship program in partnership with Building Futures Apprenticeship.

Local Agriculture and Seafood (LASA) Grants

Informational

The Budget continues to fund the Local Agricultural and Seafood Grants program at \$700,000 in FY2025. 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. While grant awards for FY2024 are scheduled to be announced in March 2024, information on the priorities and timeline for the grant cycle can be found here:

<https://dem.ri.gov/agriculture/grants/lasa>

In FY2023 (grant year 2022) DEM awarded \$700,000 to 42 grantees. The maximum award is \$20,000. In this round, \$1.4 million was requested from applicants. A list of the grantees and the use of the funds can be found here:

<https://dem.ri.gov/press-releases/governor-mckee-dem-legislators-announce-commitment-grant-program-helping-grow> .

Local Agriculture and Seafood Act (LASA) Grants

Grant Year	Number of Applications		Total Amount	
	Requests	Awards	Requested	Awarded
2014	92	16	\$1,474,822	\$190,030
2015	73	16	1,025,993	209,998
2016	71	17	1,414,596	229,998
2017	67	21	894,574	210,000
2018	44	21	696,339	213,097
2019	58	12	722,388	95,949
2020	-	-	-	-
2021	52	19	808,529	240,090
2022	85	42	1,430,557	700,000

Source: Department of Environmental Management

BUREAU OF ENVIRONMENTAL PROTECTION

The Bureau of Environmental Protection is comprised of six programs which are responsible for regulating and protecting water resources; protecting and improving air resources; regulating the transportation and disposal of solid, medical and hazardous waste, and investigating and remediating unpermitted release of those materials; responding to emergency spills of oil and chemicals that present an immediate danger to public health and environment; and assisting the public by coordinating the review of projects requiring multiple applications and permits, and tracking the status of permitting activities throughout the Bureau.

Bureau of Environmental Protection	General Revenue
FY2024 Enacted	\$15,897,257
<i>Target and Other Adjustments</i>	<i>(26,945)</i>
FY2025 Governor	\$15,870,312

Bureau of Environmental Protection	Other Fund Changes
Underground Storage Tank (UST) (restricted receipts)	\$1,279,790

Underground Storage Tank (UST) (restricted receipts) \$1.3 million

The Budget provides \$2.4 million in UST restricted receipts, an increase of \$1.3 million or 111.8 percent over the FY2024 Budget as Enacted. In FY2024 the Revised Budget provides an increase of \$771,402 or 67.4 percent. According to DEM there are approximately 200 actively leaking USTs across the State; however, once a leaking UST is identified it is emptied and/or removed. Removal of the tank may also involve the removal of contaminated soils but, if excavation is not feasible, a ground water pump and treatment system or a soil vapor extractor may be necessary.

In general, landowners have to pay for the clean up and then get reimbursed from the UST fund; however, many landowners could not afford the cleanup resulting in unresolved sites. 2017-S-0560 allowed for DEM to use the fund for costs incurred when the responsible party fails to comply with a corrective action order or can document an inability to comply with an order. Since the language change in 2017, the Department

has been working to complete evaluations, determine eligible sites, and prioritize projects. The proposed funding is estimated to support the clean up of five to six sites a year over the next 10 to 15 years.

Rhode Island has 1,787 registered and active underground storage tanks, all of which pose a potential environmental threat if leakage should occur. The Underground Storage Tank (UST) Clean-up Fund was created in 1994 to provide an effective mechanism for USTs owners to comply with financial responsibility requirements and to ensure that the environmental and public health impacts of UST leaks are addressed in an effective and timely manner. This fund is capitalized from a \$0.005 per gallon surcharge on motor fuel to owners/operators of underground storage tanks; however, the surcharge will be suspended once the balance of the fund reaches \$8.0 million and reinstated when it falls below \$5.0 million (RIGL 46-12.9-11). Payments from the fund are generally made to qualified applicants on a reimbursement basis.

Article 3 of the FY2024 Budget as Enacted repealed the Underground Storage Tank Advisory Board. According to the Department of Environmental Management (DEM), the Board was largely defunct. The Board did not have any members and hadn’t held any meetings since 2016 when legislation was passed changing the Board from a review to an advisory body and transferring the Board’s authority over funding to DEM. Since the Board has been vacant and inactive for years, there was no impact on current activities or expenditures and DEM continues to supervise the clean-up process and insuring that each project meets state requirements.

The first payment was made from the fund in 1997 and since then reimbursements of over \$63.0 million have been made to clean up contamination from 261 UST sites. From FY2018 to FY2023, the fund has experienced average, annual expenditures of \$995,834.

UST	Current Balance (1.23.2024)	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 (as of 1.23.2024)	AVERAGE FY2018 to FY2023
	\$7,088,797								
Expenditures		\$1,584,417	\$1,034,157	\$913,690	\$756,260	\$804,406	\$882,077	\$194,883	\$995,834
Receipts		1,974,677	2,108,431	1,830,778	1,767,545	1,838,247	1,331,015	426,726	1,808,449
<i>difference</i>		\$390,260	\$1,074,275	\$917,088	\$1,011,285	\$1,033,842	\$448,938	\$231,843	\$812,614

Source: RIDEM

Analyst Note: Article 1 of the Governor’s FY2024 Revised Budget recommends the transfer of \$2.0 million from the Underground Storage Tank Trust Fund to the State Controller by June 30, 2024. Some of the active leaking UST sites may not qualify for UST restricted receipts due to when the leak was reported or what the tank contained. Heating oil is not covered; however, the remediation of any heating oil or other tanks that contained methyl tertiary-butyl ether (MTBE) may qualify for funding from the MTBE settlement fund.

CAPITAL PROJECTS

The Budget includes a total of \$17.9 million in RICAP funding in FY2024 and \$30.1 million in FY2025, a decrease of \$522,079 in FY2024 and an increase of \$11.7 million in FY2025 relative to the FY2024 Budget as Enacted. Major RICAP funded projects include:

- **Dam Repairs:** The Budget provides \$142,607 in FY2024 and \$10.2 million in FY2025, a decrease of \$168,893 and an increase of \$9.9 million respectively relative to the FY2024 Budget as Enacted. This project allows DEM to complete engineering studies, designs and repairs to “high-hazard” State-owned dams which, if they were to fail, would cause significant property damage and potential for loss of life. The State owns 10 high hazard and four significant hazard dams. During the past 11 years, the Department completed repairs to the Stillwater Dam in Smithfield, the Olney Pond Dam in Lincoln Woods, the Bowdish Lake Dam at the George Washington Management Area, and the upper JL Curran Dam in Cranston. The Wyoming Pond Upper Dam 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:** The Budget level funds this project in FY2024 at \$10.8 million and adds \$676,298 in FY2025 (\$11.5 million total). The Port of Galilee is home to 170 commercial fishing vessels and provides affordable berthing spaces close to wholesale and retail seafood processing businesses. Since 2009, the Department has rebuilt numerous piers, as well as the southwest and northwest bulkhead. Current work is focused on the North Bulkhead and Docks AA-QQ. The North Bulkhead is more than 50 years old and includes 16 piers along its 1,500-foot length. The piers include berthing for vessels and businesses such as RI Engine, which provides regional vessel services, and Sea Freeze, a fish processing house with worldwide shipping.
- **Recreational Facilities Improvements:** The Budget level funds this project at \$4.1 million in FY2024, and increases funding by \$1.6 million (\$5.7 million total) in FY2025 for this ongoing project. The Department manages over 50 buildings and 25 miles of roads, in addition to water supply systems and other infrastructure elements, in State Parks and Management Areas. Current tasks include completion of the Fort Adams Maintenance Garage, the construction of the Roger Wheeler bulkhead, the replacement of six bathhouses and onsite water treatment facilities at the Burlingame Campground, a new operations building and rest rooms at Colt State Park, and enhanced electrical and water services to support Recreation Vehicle camping at Fishermen's Memorial park.
- **Newport Pier Upgrades:** The Budget includes \$500,000 in FY2024 and FY2025 for the Newport Pier project. This project supports the commercial fishing industry by making infrastructure improvements for commercial fishing facilities at the State Pier in Newport. State Pier #9 in Newport houses approximately 50 commercial fishing vessels, providing the only affordable berthing space for the local commercial fleet. Over the past several years, DEM has replaced the bulkhead and pilings, renovated the parking facilities and also made landscape and drainage improvements. The electrical project to improve the utility services at the pier including electrical work to install 100-amp service in strategic locations, and replacement of the 30-amp and 50-amp services along the bulkhead and docks is expected to be finished by the end of March 2024.
- **Marine Infrastructure and Pier Development:** The Budget provides \$650,000 in FY2024 and 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.

Coastal Resources Management Council

Expenditures By Program	FY2023	FY2024	FY2024	Change from		FY2025	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Coastal Resources Management Council	\$6.7	\$5.9	\$7.0	\$1.1	17.9%	\$6.2	\$0.3	4.5%

Expenditures By Source								
General Revenue	\$2.7	\$3.4	\$3.5	\$0.1	2.6%	\$3.6	\$0.2	6.2%
Federal Funds	1.8	2.3	3.1	0.9	38.4%	2.3	0.1	2.4%
Restricted Receipts	0.2	0.3	0.3	-	-	0.3	-	-
Other Funds	1.9	-	0.1	0.1	-	-	-	-
Total	\$6.7	\$5.9	\$7.0	\$1.1	17.9%	\$6.2	\$0.3	4.5%

Authorized FTE Levels 32.0 32.0 32.0 - - 32.0 - -
\$ in millions. Totals may vary due to rounding.

The Coastal Resources Management Council (CRMC) is mandated to preserve, protect, develop and, where possible, restore the coastal resources of the State. The CRMC oversees the Coastal Habitat Restoration Program and is charged with developing an Ocean Special Area Management Plan (SAMP) and a Marine Resources Development Plan.

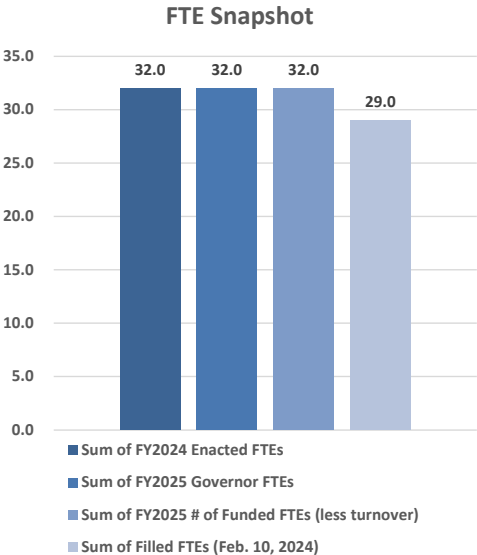
MAJOR ISSUES AND TRENDS

The FY2025 Budget includes an all funds increase of \$266,194 (4.5 percent) from the FY2024 Budget as Enacted, including a general revenue increase of \$210,989, and a federal funds increase of \$55,205. The increase in general revenue is primarily due to a correction to the FY2024 Budget as Enacted. The increase in other funds in FY2024 is due to the carry forward of unused RICAP funds from FY2023.

The increase in federal funds is primarily due to a new federal grant to increase Rhode Island’s capacity to develop and implement the federal Infrastructure Investment & Jobs Act (IIJA), partially offset by a decrease in the Virginia Offshore Wind Pilot project. The Virginia Offshore Wind Pilot project, funded by the federal Bureau of Safety and Environmental Enforcement (BSEE), provides \$549,900 in FY2024 and \$200,100 in FY2025, an increase of \$299,900 in FY2024 and a decrease of \$49,900 in FY2025, as a passthrough to URI.

The Coastal Virginia Offshore Wind Pilot (CVOW-P) is the Nation’s first Federal-water offshore wind research facility. The CVOW Pilot is a 12-Megawatt offshore wind project developed by Dominion Energy under a Research Activities Plan (RAP) and is located in federal waters approximately 27 miles from the coast of Virginia in water depths of approximately 88 feet. Ørsted was the principal engineering, procurement, and construction contractor for the wind turbines, foundations, array, and export cables. These support structures are traditionally used in the wind energy industry but have never been tested in the Atlantic Ocean. Given the complex aerodynamic and hydrodynamic loading of the CVOW-P turbines, the CVOW-P Structural Monitoring Project (CVOWPSMP) will provide industry and the BSEE with unique data that will inform the development of design standards tailored to U.S. waters.

The Budget authorizes 32.0 FTE positions in FY2024 and FY2025, consistent with the FY2024 Budget as Enacted.



Central Management	General Revenue
FY2024 Enacted	\$3,396,395
<i>Target and Other Adjustments</i>	
Hearing Officer Position	39,648
New Shoreline Access Act	146,341
	25,000
FY2025 Governor	\$3,607,384

Central Management	Other Fund Changes
Capacity Building Funding for IJJA Projects (federal funds)	\$143,500

Hearing Officer Position **\$146,341**

The Budget includes \$146,341 to provide the additional resources needed to support the \$228,106 in total salary and benefits for a full-time hearing officer position. This position was incorrectly budgeted in the FY2024 Budget as Enacted. Additional funding was also added to the FY2024 Revised Budget to bring the total support up to \$227,692. The FY2023 Budget as Enacted provided funding and 1.0 new FTE position for CRMC to hire a full-time hearing officer instead of relying on pro bono attorneys, as had occurred in the past but was no longer viable.

New Shoreline Access Act **\$25,000**

The Budget provides \$25,000 to enable CRMC to develop and distribute education material to property owners and the general public, and determine appropriate signage for the shoreline access mandate provided in RIGL 46-23-26(e) and (f). Since the enactment of the legislation on June 26, 2023, the CRMC has received inquiries and complaints around the interpretation of amendments. The education materials and signage are intended to limit conflict while clarifying the rights of the public and private property owners. This expenditure is expected to continue into the next couple of fiscal years but is not currently considered an ongoing, long-term expense.

Capacity Building Funding for IJJA Projects (federal funds) **\$143,500**

The Budget includes \$306,500 in FY2024 and \$143,500 in FY2025 for a new federal grant from the United States Department of Commerce, Office for Coastal Management, to increase Rhode Island's capacity to develop and implement the federal Infrastructure Investment & Jobs Act (IIJA). These funds are to "support projects aimed at developing a science-based, multi-dimensional approach that will allow for the maintenance or improvement of environmental quality while at the same time allowing for economic growth." This grant will support a three-year Project Specialist position at the Department of Environmental Management's Narragansett Bay National Estuarine Research Reserve on Prudence Island, through a sub-award from CRMC. The position will continue to gather input from local communities to identify and prioritize potential projects for IIJA funding.

CAPITAL PROJECTS

The Governor recommends a total of \$100,000 in capital projects in FY2024, all of which are scheduled for completion. There is no funding in FY2025. Projects include:

- **Little Narragansett Bay:** The Budget includes \$50,000 in FY2024 to investigate the feasibility of dredging the Cut within Little Narragansett Bay (an area east of Sandy Point and west of Napatree) to allow quicker access to and from the ocean. According to CRMC, shifting sands within Little Narragansett Bay (Westerly) and a string current at the only egress make navigation safety an issue.
- **Pawcatuck Resiliency:** As the next phase of study to reduce damage from storm surge along the southern shore area from the Pawcatuck River to Point Judith, the Budget includes \$50,000 from the RI Capital Plan Fund in FY2024 as a place holder for a state match to elevate residences in a project led by the Army Corps of Engineers (ACOE).

Department of Transportation

Expenditures By Program	FY2023 Actual	FY2024 Enacted	FY2024 Governor	Change from Enacted		FY2025 Governor	Change from Enacted	
Central Management	\$12.3	\$23.7	\$21.5	(\$2.2)	-9.1%	\$23.4	(\$0.3)	-1.3%
Management and Budget	3.0	4.2	5.7	1.5	34.7%	4.2	0.0	0.8%
Infrastructure-Engineering	601.2	690.4	698.9	8.5	1.2%	640.3	(50.1)	-7.3%
Infrastructure-Maintenance	143.9	140.8	255.1	114.3	81.2%	148.8	8.0	5.7%
Total	\$760.4	\$859.1	\$981.1	\$122.0	14.2%	\$816.7	(\$42.4)	-4.9%

Expenditures By Source								
General Revenue	-	-	-	-	-	-	-	-
Federal Funds	495.5	460.9	450.5	(10.4)	-2.3%	432.8	(28.1)	-6.1%
Restricted Receipts	(2.7)	6.2	6.1	(0.1)	-1.5%	6.1	(0.1)	-1.5%
Other Funds	267.6	392.0	524.6	132.5	33.8%	377.8	(14.2)	-3.6%
Total	\$760.4	\$859.1	\$981.1	\$122.0	14.2%	\$816.7	(\$42.4)	-4.9%

Authorized FTE Levels	755.0	755.0	755.0	-	-	755.0	-	-
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\$ in millions. Totals may vary due to rounding

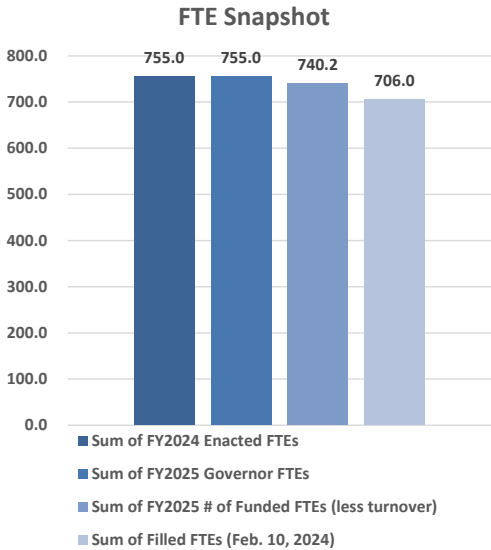
The Rhode Island Department of Transportation (RIDOT) is responsible for over 3,300 “lane miles” (1,100 miles) of highway and 1,201 bridges in the State. RIDOT provides services ranging from snow removal to pothole repair, and from installation and maintenance of traffic signalization to design of highway and bridge construction. The Department also develops projects in the areas of rail, water, bicycle, and pedestrian transportation; coordinates with RIPTA on transit projects; and, engages in air quality planning and coordination.

Established in FY1994, the Intermodal Surface Transportation Fund (ISTF) accounts for the collection of the gasoline tax, federal grants, and bond proceeds that are used for the maintenance, upgrading, and construction of the State’s highway system. It also is funded from proceeds of the Grant Anticipation Revenue Vehicle (GARVEE) and the RI Motor Fuel Tax (RIMFT) revenue bonds, and related expenditures. The Transportation Investment and Debt Reduction Act of 2011 created the Rhode Island Highway Maintenance Account within the ISTF. Funds are used to finance all RIDOT personnel and operating, and ongoing repair and renovation expenditures for RIDOT facilities throughout the state, as well as highway debt service, and motor fuel tax proceeds allocated to the Rhode Island Public Transit Authority (RIPTA), the Rhode Island Turnpike and Bridge Authority, and the Department of Human Services.

MAJOR ISSUES AND TRENDS

The FY2024 Revised Budget provides \$981.1 million in all funds to support the Department of Transportation, representing a \$122.0 million or 14.2 percent increase from the FY2024 Budget as Enacted.

The FY2025 Governor’s Budget includes a total of \$816.7 million for the Department, reflecting a decrease of \$42.4 million, or 4.9 percent from the FY2024 Budget as Enacted. This includes a \$28.1 million decrease in federal funds and \$14.2 million in other funds.



The Budget includes an FTE authorization of 755.0 for FY2024 and FY2025, consistent with the enacted level.

Motor Fuel Tax

A portion of the Department's funding is provided by the motor fuel tax (gas tax). The FY2025 Governor's Budget includes a gas tax of \$0.37 per gallon and a per-penny yield of \$4.2 million. Additionally, the State assesses a one cent environmental protection fee which is divided evenly between the Underground Storage Tank Fund and RIPTA. Beginning in FY2016, the gas tax is adjusted every other year based on the percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U), rounded to the nearest \$0.01 increment. The Department of Revenue's Office of Revenue Analysis (ORA) is responsible for both estimating the gas tax yield as well as determining the impact of the CPI-U. The following table shows the distribution of motor fuel tax revenue projected through FY2029:

	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Motor Fuel Tax Revenue	Preliminary	Projected†	Projected	Projected†	Projected	Projected†	Projected
Department of Transportation*	\$87.6	\$100.1	\$98.0	\$98.4	\$95.4	\$95.3	\$90.4
Rhode Island Turnpike and Bridge Authority	15.1	15.1	14.8	14.2	13.8	13.2	12.5
Rhode Island Public Transit Authority**	42.0	42.0	44.4	42.8	41.5	39.8	37.7
Department of Human Services	4.3	4.3	0.9	0.9	0.8	0.8	0.8
Total**	\$149.1	\$161.5	\$158.1	\$156.2	\$151.4	\$149.1	\$141.4
Projected Revenue per Gallon	34.5¢	37.5¢	37.5¢	38.5¢	38.5¢	39.5¢	39.5¢
Projected Yield per penny	\$4.3	\$4.3	\$4.2	\$4.1	\$3.9	\$3.8	\$3.6

\$ in millions. Totals may vary due to rounding

Estimate based on November 2023 projections developed by ORA

† Indicates a year with a projected CPI-U required increase

*Note: DOT share includes \$0.02 for GARVEE Debt Service

**Note: RIPTA includes \$0.005 for Environmental Protection Fee

The November 2023 ORA estimate assumes an inflationary \$0.01/gallon increase to the gas tax rate in FY2026 and FY2028, which is projected to yield an additional \$4.1 million and \$3.6 million in gas tax revenue respectively. The additional funds realized as part of the increase are appropriated to the Department of Transportation pursuant to RIGL 31-36-20, resulting in the Department receiving \$0.2225 per gallon in FY2026 and \$0.2325 per gallon in FY2028. Projections indicate that with the \$0.395/gallon rate in FY2028, the State will still collect \$7.6 million less than they did in FY2023, with a rate of \$0.345/gallon.

In FY2014, RIDOT received \$0.2175 per gallon of the gas tax, with the Rhode Island Public Transit Authority (RIPTA) and the Department of Human Services (DHS) receiving \$0.1075. RIPTA uses gas tax revenues to fund multiple expenses including maintenance, operations, and their underground storage tank fee, while DHS uses gas tax revenues to partially fund their transit programs. Beginning in FY2015, \$0.035 per gallon of the gasoline tax is transferred to the Rhode Island Turnpike and Bridge Authority (RITBA) to be used for maintenance operations, capital expenditures, and debt service on any of its projects in place of a toll on the Sakonnet River Bridge. This reduced RIDOT's share of the gasoline tax to \$0.1825 per gallon.

Article 6 of the FY2025 Governor's Recommended Budget revises the disposition of gas tax revenue by rescinding the \$0.01 transfer to OHA and authorizing direct transfers of \$0.0079 to RIPTA and \$0.0021 to OHA. The revision does not create a fiscal impact as the adjustment is strictly administrative and both RIPTA and OHA will continue to receive the same share. The following table illustrates the current and revised disposition of motor fuel tax.

Motor Fuel Tax Transfers	Current Disposition	Article Disposition	Change
Rhode Island Public Transit Authority	9.25¢	10.04¢	0.79¢
Office of Healthy Aging	1.00	0.21	(0.79)
Department of Transportation	21.25	21.25	-
Garvee Motor Fuel Tax Bond Debt Service	2.00	2.00	-
Rhode Island Bridge and Turnpike Authority	3.50	3.50	-
Underground Storage Tank to RIPTA*	0.50	0.50	-
Total	37.5¢	37.5¢	0.00¢

*Represents RIPTA's share of the Environmental Protection Fee related to Underground Storage Tank

RhodeWorks

The General Assembly enacted “The Rhode Island Bridge Replacement, Reconstruction and Maintenance Fund Act of 2016,” in February 2016. The legislation, also known as “RhodeWorks” authorizes the State to collect tolls and issue new GARVEE bonds.

Truck Tolling

- **Federal Court Decision:** On September 21, 2022, U.S. District Court Judge William E. Smith ordered Rhode Island officials to stop collecting truck tolls which resulted in a pause to the State’s tolling program. Judge Smith ruled the policy in its current form is unconstitutional. The ruling is currently being appealed. The FY2024 Budget as Enacted required \$70.0 million in surplus general revenue be deposited into the Rhode Island Capital Plan Fund to hold the Department harmless for expected toll revenue losses through FY2024. The Department’s plan had allocated \$130.0 million of toll revenue to highway projects from FY2022 through FY2025, including \$95.0 million to finance the Route 6/10 Interchange Reconstruction project.
- **Gantries and Revenue:** The truck-only tolling plan received formal federal approval in September 2016, at which time the RIDOT executed a series of Memoranda of Understanding with the Federal Highway Administration regarding which bridge locations toll revenue could be used to maintain. In December 2016, RIDOT issued the RFP for the Design-Build-Operate-Maintain (DBOM) contract for the tolling program, including gantry design and construction; all operational elements, testing and acceptance; and long-term maintenance of the tolling equipment and facilities. In 2017, the Department awarded a contract to Kapsch TrafficCom to design, build, operate, and maintain the gantries for 10 years. The Department originally anticipated building 14 gantries but only completed 13. In FY2021 the Department generated \$34.0 million in gross revenues. In FY2022, the Department generated \$39.8 million in gross revenues, a \$5.8 million or 17.0 percent increase to FY2021. As of September 2022, the Department had generated \$6.8 million from the tolling initiative in FY2023, before the court-ordered stoppage.
- **Appeal:** The State is currently appealing the September 2022 decision and have hired the Providence law firm Adler, Pollack, and Sheehan. The Budget includes \$2.2 million in FY2025 for legal expenses related to the appeal reflecting a \$1.2 million reduction from the enacted level and a \$825,428 increase from what was expensed in FY2023. The Department expensed \$1.3 million in FY2023 and the FY2024 Budget as Enacted includes \$3.4 million.

Bonding

- RhodeWorks also allowed for the refinancing and restructuring of previously existing GARVEE bonds to realize approximately \$120.0 million in additional resources during the first three years post-refinancing.
- The Rhode Island Commerce Corporation is authorized to issue new GARVEE bonds, not to exceed \$300.0 million, for bridge replacement, reconstruction, maintenance, and operations. These bonds have

an expected term of fifteen years, with interest-only payments in the first nine years, and will be repaid from future toll revenues and reimbursements.

- Article 6 of the FY2020 Budget as Enacted provided for the issuance of \$200.0 million in GARVEE bonds issued through the Rhode Island Commerce Corporation to fund the bridge replacement, reconstruction, and maintenance of the RhodeWorks program. Total debt service is not expected to exceed \$275.0 million over 15 years. Debt service is financed through future Federal Highway Administration appropriations.
- In March 2021, voters approved a bond referendum for \$71.7 million in General Obligation (GO) bonds for the Department. The GO bonds are used as a 20.0 percent state match needed for federal highway road and bridge projects. Debt service for the Department's GO bonds is included in the Department of Administration's Budget but is paid for by DOT through gas tax receipts. The Budget includes \$67.0 million of this funding in FY2025 and the remaining \$4.7 million in FY2026.

State Transportation Improvement Program

The Department includes major projects that the State intends to implement in its yearly State Transportation Improvement Program (STIP). The STIP includes projects for 10 years; however, only the first four years are fiscally constrained, meaning the costs of the projects may not exceed the anticipated funding that is expected to be available in the four-year time period. The current STIP runs from FY2022-FY2031 and was last revised in February of 2024. The Rhode Island Public Transit Authority (RIPTA) and the Rhode Island Turnpike and Bridge Authority (RITBA) each have programs within the STIP in addition to the Department. RIDOT is currently appropriated 82.4 percent of the STIP's total funding through FY2031, with RIPTA receiving 15.6 percent, and the remaining 2.0 percent directed to RITBA. The following table illustrates the funding totals for the STIP's largest programs through FY2025.

State Transportation Improvement Program (STIP)

Program Name	FY2022	FY2023	FY2024	FY2025	Sub-Total FY2022-FY2025	% of Subtotal	Grand Total FY2022-FY2031	% of Grand Total
Rhode Island Department of Transportation								
Bridge Capital Program	\$158.5	\$178.1	\$176.3	\$198.3	\$711.1	16.2%	\$1,871.7	18.6%
Major Capital Projects Program	191.1	241.9	238.6	225.2	896.8	20.4%	1,646.8	16.4%
Debt Service Program	113.4	116.2	116.1	112.4	458.1	10.4%	1,108.0	11.0%
Pavement Program	103.3	120.6	112.5	95.6	432.0	9.8%	772.1	7.7%
<i>Additional STIP Programs</i>	<i>282.5</i>	<i>273.2</i>	<i>273.0</i>	<i>291.4</i>	<i>1,120.1</i>	<i>25.5%</i>	<i>2,887.7</i>	<i>28.7%</i>
Sub-Total	\$848.8	\$930.0	\$916.5	\$922.8	\$3,618.0	82.4%	\$8,286.2	82.4%
Rhode Island Public Transit Authority								
Transit Support Operations	\$106.6	\$130.8	\$118.5	\$123.4	\$479.3	10.9%	\$1,141.0	11.3%
Transit Capital	11.3	86.4	21.2	23.2	142.0	3.2%	272.0	2.7%
Transit Service	21.7	14.3	17.7	14.3	67.9	1.5%	159.6	1.6%
Sub-Total	\$139.6	\$231.4	\$157.4	\$160.8	\$689.2	15.7%	\$1,572.6	15.6%
Rhode Island Turnpike and Bridge Authority								
Capital Projects Program	\$0.0	\$0.2	\$23.0	\$58.9	\$82.1	1.9%	\$202.2	2.0%
Sub-Total	\$0.0	\$0.2	\$23.0	\$58.9	\$82.1	1.9%	\$202.2	2.0%
Grand Total	\$988.3	\$1,161.4	\$1,073.9	\$1,083.6	\$4,389.3	100.0%	\$10,061.0	100.0%

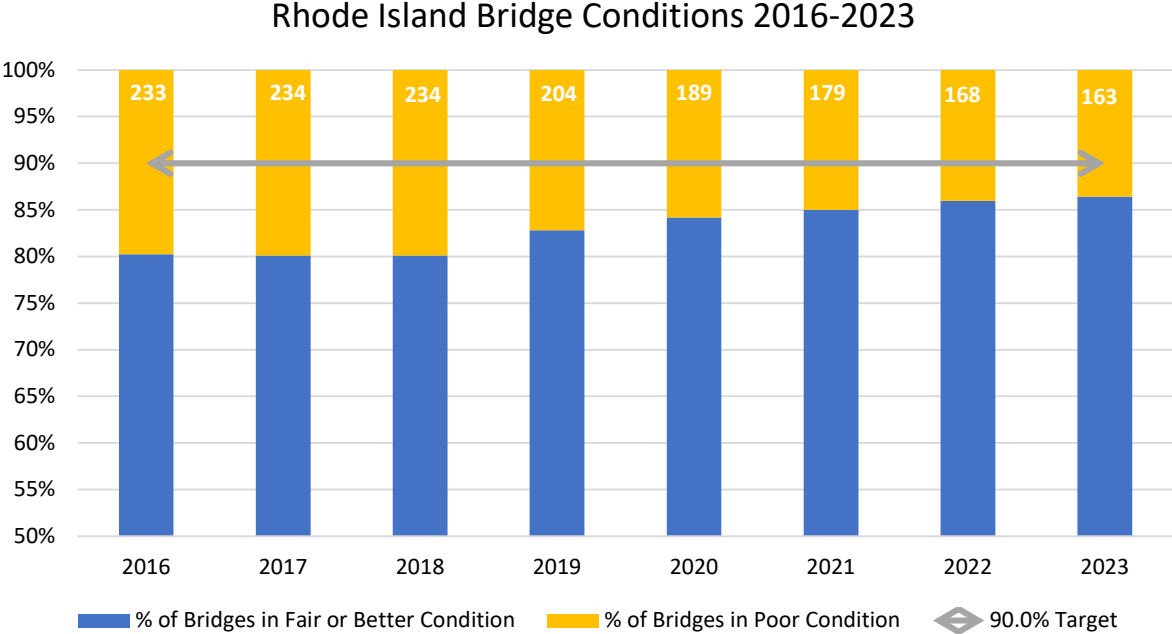
\$ in millions. Totals may vary due to rounding

Source: RIDOT STIP Program Allocation Summary Revision 11: February 20, 2024

Bridge Capital Program: The largest program in the STIP is the Bridge Capital Program, which includes a total \$1.9 billion and represents 18.6 percent of all STIP funding through FY2031. The STIP budgets \$176.3 million in FY2024 and \$198.3 million in FY2025 reflecting a \$711.1 million total expenditure for FY2022-FY2025.

In 2015, Rhode Island was ranked last in the nation for overall bridge condition with about 24.0 percent of bridges ranked as structurally deficient. The Bridge Capital Program identifies and develops a structured sequence of preservation, repair, rehabilitation, and replacement actions in order to sustain a state of good repair for the State’s 1,200 bridges at a minimum cost. The program is primarily focused on reducing the percentage of structurally deficient bridges to 10.0 percent by 2025.

As of December 2023, 163, or 13.6 percent, of the State’s 1,200 bridges were in poor condition. The State would need to repair 43 bridges over the next two years to reach the goal of 90.0 percent structurally sound bridges throughout the State. The following graph displays the State’s bridge conditions and progress toward reaching the 90.0 percent goal.



Source: RIDOT Q1 Quarterly Reports, Data from month of December

Major Capital Projects Program: The second largest program in the STIP is the Major Capital Projects Program, which includes \$1.6 billion and represents 16.4 percent of all STIP funding through FY2031. The STIP includes \$238.6 million in FY2024, and \$225.2 million in FY2025 for the program. The following table displays the budgeted totals of current and regionally significant projects from FY2022 through FY2025.

Major Capital Projects Program

Project Name					Project Total
	FY2022	FY2023	FY2024	FY2025	FY2022-FY2025
I-95 Northbound Viaduct	\$50.0	\$60.0	\$52.0	\$45.0	\$207.0
Route 6/10 Interchange	40.0	40.0	40.0	15.0	135.0
Route 146 Reconstruction	31.3	31.3	40.0	30.1	132.6
Route 37 Improvements*	15.8	40.0	30.6	11.6	97.9
Henderson Bridge*	20.0	20.0	15.0	5.0	60.0
Washington Bridge North	12.5	25.0	15.0	8.0	60.5
<i>Additional Projects</i>	<i>21.6</i>	<i>25.7</i>	<i>46.1</i>	<i>110.6</i>	<i>203.8</i>
Total	\$191.1	\$241.9	\$238.6	\$225.2	\$896.8

\$ in millions. Totals may vary due to rounding

Source: RIDOT STIP Program Allocation Summary Revision 11: February 20, 2024

* Project total reflects phases 1 and 2

- **I-95 Northbound Viaduct Project:** This project replaces the 1,295-foot-long northbound section of the Providence Viaduct Bridge, which supports I-95 over municipal roads, highway ramps, Amtrak's Northeast Corridor, and the Woonasquatucket River. The project is scheduled to finish construction in CY2025 with an approximate cost of \$265.0 million.
- **Route 6/10 Interchange:** This project reconstructs the 6/10 interchange within the current highway right of way and addresses the seven structurally deficient bridges within the project area. The project began construction in FY2018 and is scheduled to be completed in CY2023. The project is the largest single construction contract the State has awarded with an approximate cost of \$410.0 million
- **Route 146 Reconstruction:** This project makes necessary improvements to Route 146, including the replacement of one bridge and preservation or rehabilitation work on four others, the construction of frontage roads for safer and easier access, and the re-pavement of Route 146 from the I-295 interchange to the Massachusetts state line. The project is scheduled to finish construction in CY2026 with an approximate cost of \$196.9 million.
- **Route 37 Improvements:** This project involves the rehabilitation or replacement of 22 bridges and the safety and congestion improvement of Route 37, a critical east-west freeway that connects Cranston and Warwick. The project is scheduled to occur in two phases, with a \$79.5 million approximate cost estimate for Phase 1 and an \$85.0 million estimate for Phase 2. The project is scheduled to finish both construction phases in CY2026 with a total approximate cost of \$164.5 million
- **Washington Bridge:** This project addresses the structural deficiencies of the westbound portion of the Washington Bridge, as well as the construction of a new off-ramp, which is expected to ease congestion issues and spur economic development. The project is scheduled to finish construction in CY2026 with an approximate cost of \$78.0 million.

Analyst Note: On December 11, 2023 RIDOT closed the Washington Bridge due to the discovery of a critical failure. On December 15, 2023 the Department opened up two bypass westbound lanes to alleviate traffic. On March 14, 2024, the Governor announced the bridge will need to be demolished and rebuilt, estimating a cost of \$250.0 million-\$300.0 million.

- **Henderson Bridge:** This project demolishes and reconstructs the Henderson Bridge, which was declared structurally deficient in 1996. The new bridge is narrower and supports only 3 lanes of traffic, two westbound lanes and one eastbound. The original bridge supported 6 lanes. The project is scheduled to finish construction in CY2025 with an approximate cost of \$84.4 million.

Debt Service Program: The third largest expense in the STIP is the Debt Service Program, which is anticipated to cost \$1.1 billion through FY2031. The current STIP services General Obligation Transportation Bonds, Motor Fuel Bonds, Grant Anticipation Revenue Vehicle Bonds (GARVEE), and pass-through funding for RIPTA's General Obligation Transportation Bonds. The State issues General Obligation Transportation Bonds (GO Bonds) to finance transportation-related construction projects, with the most recent issuance occurring in CY2021. GARVEE bonds enable the State to pay debt service and other bond-related expenses with future federal-aid highway funds. GARVEE bonds generate up-front capital for major highway projects at generally tax-exempt rates and enable the State to construct a project earlier than if using traditional pay-as-you-go grant resources. The STIP includes \$113.4 million in FY2022, \$116.2 million in FY2023, \$116.1 million in FY2024, and \$112.4 million in FY2025.

Pavement Program: The STIP includes \$772.1 million for the Pavement Program through FY2031, which provides funding for design and construction projects that maintain the State's roadways. The Department uses an asset management approach described as applying the "right treatment, to the right pavement, at the right time" to prevent roadway failure. Pavement sufficiency targets were approved and phased-in in May 2018. Rhode Island currently has 6,528 miles of roadway; the Department maintains approximately 1,100 miles of those roadways. The Pavement Program will allow for additional miles to be paved and will improve the State's Pavement Structural Health Index (PSHI), which is a rating system that evaluates 1/10-mile segments of roads with weighted distresses to determine a rating between 0 and 100, with 100 representing distress-free roads. RIDOT's goal is to maintain an average PSHI of 80.0 percent for more than 10 years. The STIP includes \$103.3 million in FY2022, \$120.6 million in FY2023, \$112.5 million in FY2024, and \$95.6 million in FY2025.

Rhode Island Highway Maintenance Account (RIHMA)

The Transportation Investment and Debt Reduction Act of 2011 created the Rhode Island Highway Maintenance Account within the Intermodal Surface Transportation Fund (ISTF). The FY2015 Budget as Enacted provided additional funding for transportation projects through increased deposits into the HMA including a surcharge of \$25.00 on all dismissals based upon a good driving record, in addition to the \$5.00 administration fee; an increase in the vehicle inspection fee from \$39.00 to \$55.00; transfer of existing revenue from inspection stickers (\$16.00 per inspection), motor vehicle title (\$50.00 per title), and car rental surcharges (8.0 percent of gross receipts per rental vehicle for the first thirty days) from the general fund to the HMA; and, the phased-in transfer of all vehicle license and registration fees into the HMA beginning in FY2016.

Article 8 of the FY2020 Budget as Enacted, altered the percentage of fees going into the HMA such that 5.0 percent of the total fees collected each year are retained by the Division of Motor Vehicles (DMV) and the remaining 95.0 percent are deposited into the Account. The funds retained by the DMV are intended to help partially offset personnel costs associated with collecting the fees associated with the HMA. The remaining 95.0 percent of fees deposited into the HMA are shared between DOT and RIPTA, with RIPTA receiving 5.0 percent of the funds deposited and DOT receiving the remaining amount. Article 8 also extended RIPTA's \$5.0 million annual appropriation to support the Free-Fare program indefinitely.

Article 2 of the FY2024 Enacted Budget shifts the Division of Motor Vehicles (DMV) duplicate license/updated information fee revenue from general revenue to the State's Highway Maintenance Account (HMA) in FY2024. This change is estimated to add \$1.0 million annually to the RIHMA and is not reflected in the above table, as ORA's most recent projection calculation occurred before the Budget was enacted. Of the \$1.0 million transfer, 5.0 percent (\$50,000) would remain in the general fund and an additional 5.0 percent of the new balance will be transferred to RIPTA (\$47,500). The remaining \$902,500 will be allocated to RIDOT.

The November RIHMA projection from the ORA indicates that in FY2024, the RIHMA's projected balance is \$103.9 million, of which, \$9.9 million will be allocated to RIPTA, \$5.2 million to the general fund, and the remaining balance of \$88.8 million will be transferred to the Department of Transportation. In FY2025,

the RIHMA's projected balance is \$105.2 million, of which, \$10.0 million will be allocated to RIPTA, \$5.3 million to the general fund, and the remaining balance of \$89.9 will be transferred to the Department of Transportation. The following table illustrates the various fees and surcharges deposited in the HMA as well as the agency allocations.

Rhode Island Highway Maintenance Account Forecast				
	FY2023	FY2024	FY2025	FY2026
Fees and Surcharges	Preliminary	Projected	Projected	Projected
Licenses and Registrations Base	\$55.9	\$54.9	\$54.8	\$55.2
Licenses Surcharge	5.1	5.1	5.3	5.4
Vehicle Registrations Surcharge	14.7	14.9	15.3	15.6
Rental Vehicle Surcharge	9.2	4.4	4.6	4.9
Emission Inspection Fees	14.0	14.1	14.5	14.8
Motor Vehicle Title Fees	9.9	10.1	10.3	10.5
Good Driving Fees	0.3	0.3	0.3	0.3
RIHMA Total	\$109.1	\$103.9	\$105.2	\$106.7
5% Share to General Revenues	5.5	5.2	5.3	5.3
Remaining RIHMA Funds	\$103.7	\$98.7	\$99.9	\$101.4
5% Share to RIPTA	5.2	4.9	5.0	5.1
\$5.0 million Transfer to RIPTA	5.0	5.0	5.0	5.0
DOT Share	\$93.5	\$88.8	\$89.9	\$91.3

\$ in millions

Source: ORA November 2023 Estimate

Analyst Note: The Office of Revenue Analysis indicates that the revenue received from the Rental Vehicle Surcharge in FY2023 includes a one-time payment of \$4.8 million that is not projected to reoccur.

Anti-Litter Campaign

The Budget includes funding within the Central Management, Infrastructure-Engineering, and Infrastructure-Maintenance programs in FY2024 and FY2025 for an Anti-Litter campaign. The campaign includes a media campaign, litter removal equipment, and the conversion of 10.0 vacant FTE positions into groundskeeper positions. The campaign has a net all fund decrease of \$187,176, that reflects a \$324,836 federal funds reduction offset by a \$137,660 increase in other funds. The savings reflects the conversion of 10.0 vacant FTE positions of a higher pay schedule into groundskeeper positions on a lower pay schedule. The following table illustrates the initiatives of the anti-litter campaign.

Anti-Litter Campaign Initiatives	All Funds
Salary and Benefits Savings (federal funds)	(\$324,836)
Salary and Benefits Savings (other funds)	(162,340)
Media Campaign (other funds)	150,000
Operating Supplies and Equipment (other funds)	150,000
Total	(\$187,176)

CENTRAL MANAGEMENT

The Central Management Program includes Legal Counsel, Human Resources, the Real Estate Section, External Affairs, the Safety Section, the Office on Highway Safety, the Office of Civil Rights, and the Director’s Office.

Central Management	FY2023 Actual	FY2024 Enacted	FY2024 Governor	Change from Enacted		FY2025 Governor	Change from Enacted	
Federal Funds	\$7.9	\$15.0	\$12.9	(\$2.1)	-14.08%	\$15.1	\$0.1	0.7%
Other Funds	4.4	8.7	8.6	(0.1)	-0.60%	8.3	(0.4)	-5.0%
Total	\$12.3	\$23.7	\$21.5	(\$2.2)	-9.14%	\$23.4	(\$0.3)	-1.3%

\$ in millions. Totals may vary due to rounding

- The Legal Counsel office works closely with the Office of the Attorney General in legal proceedings involving RIDOT and also provides support within RIDOT for program development, property management and acquisition, contracts, litigation, arbitration, and contracted outside legal services.
- Human Resources administers labor relations, human resource development and training, all equal opportunity programs, and payroll and fringe benefit programs.
- The Real Estate section deals with acquisition, appraisal, negotiation, and relocation for property purchases (including easements and larger parcels) and property sales.
- The External Affairs office handles all media inquiries, speaking engagements, legislative correspondence, and special events for the Departments, as well as managing the Department’s website.
- The Safety Section is responsible for promoting public safety.
- The Office on Highway Safety develops and coordinates programs with local, state and federal agencies to reduce highway deaths and injuries, and to promote public awareness of the correlation between highway safety and alcohol and substance abuse through the development and distribution of educational information.
- The Civil Rights office supports contractors, consultants, and sub-recipients to ensure full compliance with federal and state civil rights laws and equal employment requirements.
- The Director’s Office provides leadership and policy development for the Department to ensure the State’s public transportation services are safe, effective, and environmentally prudent.

Central Management	All Fund Changes
Legal Services (other funds)	(1,180,420)
Centralized Services (statewide adjustments) (other funds)	498,308
Anti-Litter Media Campaign (other funds)	150,000
NHTSA Grants (federal funds)	111,821

Legal Services (other funds) (\$1.2 million)

The Budget includes \$2.2 million in other funds for legal services in the Central Management program, reflecting a reduction of \$1.2 million from the enacted level. The State is currently appealing the September 2022, decision by U.S. District Court Judge William E. Smith which suspended the RhodeWorks truck tolling program. The Department has hired Providence law firm Adler, Pollack, and Sheehan for representation and the appeal is ongoing.

Anti-Litter Campaign (other funds) \$150,000

The Governor recommends \$150,000 in other funds to support an anti-litter media campaign which will be coordinated alongside the Governor’s Office’s anti-litter efforts. The media campaign is one several components of the Governor’s anti-litter initiatives that are included in the Department of Transportation’s

budget. There is a corresponding addition of \$300,000 in other funds included in the FY2024 Supplemental Budget for the media campaign. Furthermore, there are additional expenditures related to the campaign in the Infrastructure- Maintenance program.

NHTSA Grants (federal funds) \$111,821

The Budget includes \$15.1 million in federal funds for the Central Management program from a number of National Highway Transportation Safety Administration (NHTSA) grants, reflecting a net increase of \$111,821 from the FY2024 Budget as Enacted. The most significant adjustments include a \$1.9 million reduction from the State and Community Highway Safety Program offset by a \$1.3 million increase in Map-21 405 funds. The grant totals as well as adjustments are illustrated in the following table.

NHTSA Grant	FY2024 Enacted	FY2025 Governor	Change from Enacted
State and Community Highway Safety Program	\$4,430,107	\$2,534,439	(\$1,895,668)
Map-21 405 Funds	6,043,943	7,324,607	1,280,664
Grant to Prohibit Racial Profiling	372,800	960,440	587,640
Min. Penalties for Repeat Offenders DWI or DUI	4,106,054	4,258,554	152,500
Fatality Analysis Reporting System	57,663	44,348	(13,315)
Total	\$15,010,567	\$15,122,388	\$111,821

MANAGEMENT AND BUDGET

Management and Budget houses the Department's Financial Management Division responsible for the oversight and management of the Department's operations and capital budget expenditures. Management and Budget also oversee the Education Advancement section, the Office of Contracts and Specifications, and the Information Technology section.

Management and Budget	FY2023 Actual	FY2024 Enacted	FY2024 Governor	Change from Enacted	FY2025 Governor	Change from Enacted
Other Funds	\$3.0	\$4.2	\$5.7	\$1.5 34.7%	\$4.2	\$0.0 0.8%
Total	\$3.0	\$4.2	\$5.7	\$1.5 34.7%	\$4.2	\$0.0 0.8%

\$ in millions. Totals may vary due to rounding

- The Education Advancement section is responsible for internal education and advancement initiatives and facilitates administrative and programming coordination.
- The Office of Contracts and Specifications establishes business arrangements between the Department and the supplies of goods and services in the private sector.
- The Information Technology section maintains and operates all computer software and hardware as well as purchasing and upgrading all information technology platforms for the Department.

Management and Budget	All Fund Changes
Turnover (other funds)	\$26,761

Turnover (other funds) \$26,761

The Budget does not include any turnover within the Management and Budget program, reflecting a \$26,761 reduction in savings from the FY2024 enacted level.

INFRASTRUCTURE-ENGINEERING

The Infrastructure-Engineering program works to develop the State's roads and bridges into an advanced ground transportation system. The program consists of multiple divisions and sections encompassing the design, planning, and construction of the Project Management Division.

Infrastructure-Engineering	FY2023 Actual	FY2024 Enacted	FY2024 Governor	Change from Enacted		FY2025 Governor	Change from Enacted	
Federal Funds	\$461.8	\$445.8	\$437.6	(\$8.3)	-1.86%	\$417.7	(\$28.2)	-6.3%
Restricted Receipts	(2.7)	6.2	6.1	(0.1)	-1.51%	6.1	(0.1)	-1.5%
Other Funds	142.1	238.3	255.2	16.9	7.07%	216.5	(21.8)	-9.2%
Total	\$601.2	\$690.4	\$698.9	\$8.5	1.23%	\$640.3	(\$50.1)	-7.3%

\$ in millions. Totals may vary due to rounding

- The Project Management division oversees all phases of a project from start to finish, including design, construction, and materials testing.
- The Construction Management section is responsible for the administration and inspection of highway, bridge, traffic signal, and destination signing and freight/commuter rail construction activities throughout the State.
- The Materials Unit conducts sampling and quality assurance testing. The Research and Technology section evaluates new technologies, provides research for national, regional, and local programs, and provides training in new technology.
- The Office of Stormwater Management is responsible for the scope, plan, design, and maintenance of stormwater systems.
- The Occupational Safety, Health, and Work Zone Safety section administers the Department's safety and health programs.
- The Planning Division develops and monitors the Department's Ten-Year Plan to ensure successful implementation.
- The Office of Transit, New Starts, and Operations section develops and implements planning projects by working to develop an integrated transportation system that provides convenient transitions between different modes of transportation.

Infrastructure-Engineering	All Fund Changes
Federal Discretionary Grants For Capital Projects (federal funds)	(15,265,914)
ARPA SFRF: Municipal Road Program (federal funds)	(15,000,000)
ARPA SFRF: RIPTA Operating Grant (federal funds)	10,000,000
RICAP Funded Projects	(9,788,128)
Federal Highway Projects (federal funds)	(9,293,998)
Motor Fuel Tax Transfers (other funds)	4,386,147
ARPA SFRF: RIPTA R-Line Free Service (federal funds)	(750,000)
ARPA SFRF: RITBA Safety Barriers Study (federal funds)	(750,000)
Anti-Litter Campaign (federal funds)	(324,836)
FY2025 Governor	\$640,277,910

Federal Discretionary Grants for Capital Projects (federal funds) (\$15.3 million)

The Budget includes \$27.0 million in federal discretionary grants for capital projects, representing a reduction of \$15.3 million from the FY2024 Budget as Enacted. In January of 2024, the State was awarded an \$81.0 million discretionary grant for to create a direct freeway connection between I-95 and RI-4 as well as to construct three ramps for RI-403 in order to expand access to Quonset Business Park (QBP). The following table depicts fiscally significant federal discretionary grants awarded to the State in recent years.

Grant	Project	Amount
FFY2024 INFRA	I-95 and Quonset	\$81.0
FFY2023 RAISE	Route 37	25.0
FFY2020 INFRA	Route 146	65.0
FFY 2020 BUILD	Route 37 and I-295	21.3
FFY2019 BUILD	Washington Bridge	25.0

\$ in millions

ARPA SFRF: Municipal Road Program (federal funds)

(\$15.0 million)

The Budget includes \$5.0 million of American Rescue Plan Act (ARPA) State Fiscal Recovery Fund (SFRF) for the Municipal Roads Grant Program in FY2025, representing a total State investment of \$25.0 million, and a decrease of \$15.0 million from the enacted level. The additional \$5.0 million of State Fiscal Recovery Funds would be distributed equally amongst participating municipalities, providing an additional \$128,205 for new or existing projects. As of March 2024, all 39 cities and towns in the State submitted applications and are participating in the program. The Pandemic Recovery Office indicates that the \$20.0 million in federal funds were leveraged to create a total investment of \$74.0 million.

Originally funded with \$20.0 million of ARPA SFRF, The Municipal Roads Grant Program provides municipalities with SFRF, serving as a 33.0 percent match to fund road, bridge, and sidewalk projects on locally maintained, municipal roads. The cities and towns will provide the remaining 67.0 percent. The Department divides \$5.0 million of federal funds equally amongst all municipalities, with the remaining \$15.0 million appropriated to municipalities based on the non-federal land miles of roads they contain. The program requires all projects to be completed by the end of 2026. Additionally, the program includes accountability and transparency measures, such as a quarterly reporting requirement. Cities and towns utilizing the program will report on the progress of each project and its anticipated completion date, as well as the values of any contracts and the dates they were awarded. In a separate but related initiative, the Department is to establish a Municipal Roadway Database. The Municipal Roadway Database will be funded through gas tax revenue and updated annually by municipalities with information concerning the name, condition, length, roadway infrastructure, and pedestrian features of each municipal roadway.

ARPA SFRF: RIPTA Operating Grant (federal funds)

\$10.0 million

The Budget includes a one-time transfer of \$10.0 million in SFRF to the Rhode Island Public Transit Authority (RIPTA) for assistance in partially resolving the projected \$18.1 million deficit in the FY2025 operating budget. The operating grant will address the Authority's short-term needs and decrease the deficit to \$8.1 million.

In addition to the operating grant, the Budget directs RIPTA to perform an efficiency review of their current practices and submit a report to the Governor, Speaker of the House of Representatives, and the President of the Senate. The review's objective is to increase RIPTA's overall efficiency by ensuring the Authority is using their provided resources effectively. The review should focus on cost-effectiveness and include data such as operating expenses, ridership figures, costs per rider, and other information across all serviced regions. Additionally, the review may explore other transit service delivery models and successful transit strategies in order to produce recommendations to foster effective and sustainable transit operations. The report must be submitted by January 1, 2025.

RICAP Funded Projects (other funds)

(\$9.8 million)

The Budget includes \$136.1 million in total Rhode Island Capital Plan (RICAP) funds in the Infrastructure-Engineering program, reflecting a reduction of \$9.8 million from the enacted level. The program contains \$121.5 million for projects in the Department of Transportation, representing a \$12.3 million reduction from the enacted level. The reduction is offset by a \$2.5 million increase for RIPTA projects, representing

\$14.6 million of total RICAP funds for RIPTA projects. Additional information concerning RICAP funded projects is in the Capital Projects section of this brief.

Federal Highway Projects (federal funds) (\$9.3 million)

The Budget includes \$260.7 million in federal funds, representing a decrease of \$9.3 million from the enacted level, to support Federal Highway Projects. The \$9.3 million decrease reflects reductions of \$8.6 million in salary and benefits, \$520,000 in operating supplies and expenses, and \$161,549 in contract professional services. Current Federal Highway Projects include the I-95 Northbound Viaduct and the I-195 Washington Bridge, amongst others.

Motor Fuel Tax Revenue Transfers (other funds) \$4.4 million

The Budget includes \$67.6 million in motor fuel tax transfers within the Infrastructure-Engineering program, reflecting a net increase of \$4.4 million in comparison to the FY2024 Budget as Enacted. The increase is primarily related to a rise in the per penny yield. The May 2023 estimate assumed a per penny yield of \$4.0 million for FY2025 and the November 2023 estimate raised the per penny yield to \$4.2 million. The Budget includes a \$42.3 million transfer of gas tax funds to RIPTA, which is \$4.0 million more than the enacted level. The Budget provides \$14.8 million to the Rhode Island Turnpike and Bridge Authority, (RITBA) reflecting a \$242,179 increase from the enacted level. The Budget also includes an \$8.4 million transfer for debt service related to GARVEE Bonds, decreasing by \$138,388 from the FY2024 enacted level. The following table illustrates the changes.

Motor Fuel Tax Transfers	FY2024	FY2025	Change
	Enacted	Governor	
RIPTA	\$38,361,452	\$42,332,435	\$3,970,983
RITBA	14,515,144	14,757,323	242,179
Debt Service	8,294,368	8,432,756	138,388
Environmental Protection Fee*	2,073,592	2,108,189	34,597
Total	\$63,244,556	\$67,630,703	\$4,386,147

* Represents RIPTA's share of Environmental Protection Fee

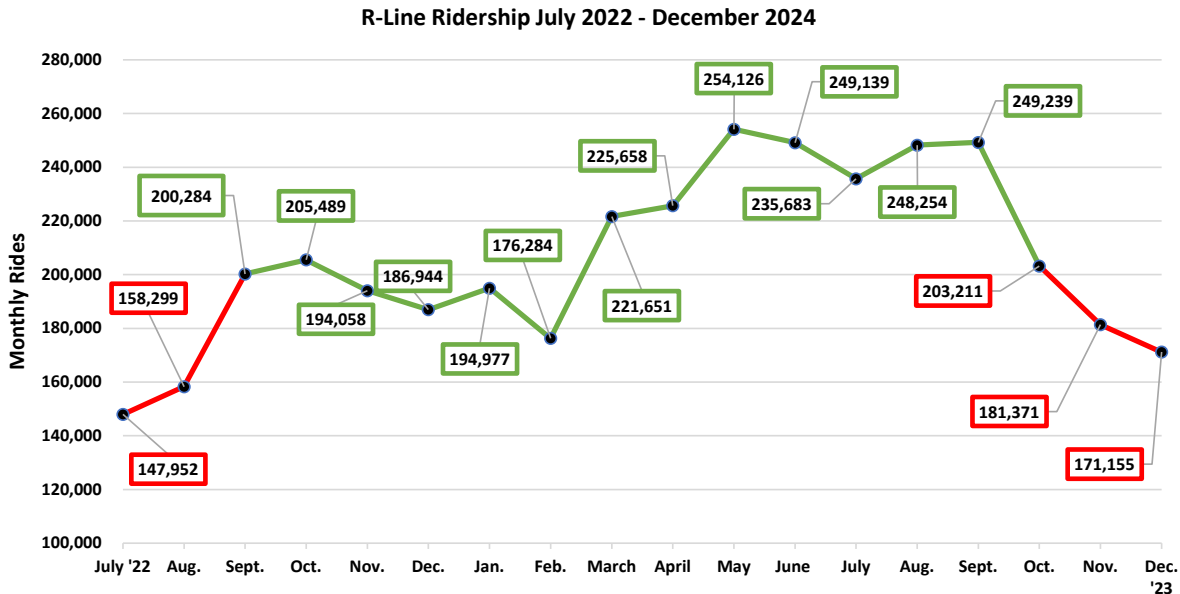
ARPA SFRF: RIPTA R-Line Free Service (federal funds) (\$750,000)

The Budget removes a \$750,000 transfer of SFRF to RIPTA due to the conclusion of the R-Line Free Service pilot program. In the 2022 session, the General Assembly enacted a pilot program to offer free fares on the R-Line, RIPTA’s most frequent and highest-ridership route, which connects Providence and Pawtucket. The program began on September 1, 2022, and concluded on October 1, 2023.

The program was originally funded with \$2.5 million of ARPA SFRF funds in FY2023 and intended to be a one-year pilot. The funding is provided to replace lost fare revenue, purchase automatic passenger counters, perform a required Federal Transit Administration Title VI Analysis, and prepare an evaluation report to the General Assembly. The pilot program presents a unique opportunity to study the benefits and potential drawbacks of a fare-free transit service in Rhode Island. RIPTA will analyze a variety of factors, including ridership impacts on the R-Line, other RIPTA routes, and paratransit service; service reliability; financial impacts to RIPTA and transit riders; and environmental impacts.

The Authority indicated that the program increased ridership but also led to a reduction in the Authority’s Third-Party fare revenue. Third-Party fares are provided by colleges and other institutions on behalf of their students or employees. RIPTA indicated that institutions have expended less than the Authority originally anticipated, resulting in a decline in revenue. Therefore, the FY2024 Budget appropriated an additional \$750,000 for the initiative, reflecting a total of \$3.3 million in SFRF for the pilot. Additionally, RIPTA announced a one-month extension to the pilot in August of 2023, which concluded on October 1, 2023. The Authority is directed to submit a report concerning the ridership data to the Speaker of the House, President of the Senate, and the Governor by March 1, 2024.

The following graph illustrates the preliminary, R-Line ridership data from July 2022 through December 2023. The variance between July of 2022 and June of 2023 represents a 68.4 percent increase.



Note: A green border indicates the month offered fare-free service.

Analyst Note: As of March 13, 2024, RIPTA has yet to submit the report concerning the R-Line Free Fare pilot program.

ARPA SFRF: RITBA Safety Barriers Study (federal funds) (\$750,000)

The Budget removes the \$750,000 transfer of SFRF to the Rhode Island Turnpike and Bridge Authority (RITBA) for the Safety Barriers Study, as the Authority has received sufficient funding for the study in previous fiscal years.

The FY2024 Budget as Enacted provided an additional \$750,000 of SFRF to expand the suicide prevention study, which is currently underway, to include the Claiborne Pell and Sakonnet River Bridge. The FY2023 Budget as Enacted included an appropriation of \$1.0 million, which the Authority indicated would not be sufficient to conduct a study on the Claiborne Pell, Jamestown- Verrazano, Mt. Hope, and Sakonnet River Bridge. The Authority approved a contract with Atkins North America, LLC in November 2022 to conduct the study on the Mt. Hope and Jamestown- Verrazano bridges, which began in January 2023. The contract’s schedule is subject to refinement, but the study’s estimated completion time is 14 months and the feasibility report is expected to be delivered in Spring 2024. The project’s total appropriation is \$1.8 million and the Budget removes all funding in FY2025.

Anti-Litter Campaign (federal funds) (\$324,836)

The Budget includes a \$324,836 savings of federal funds related to the implementation of a new anti-litter campaign and conversion of FTE positions. The Budget directs the Department to convert 10.0 vacant FTE positions of a higher pay schedule to 10.0 groundskeeper positions of a lower pay schedule to provide funding for the program. The groundskeeper FTE positions will perform roadside cleanup services including removing litter, debris, and graffiti, as well as trimming trees, patching potholes and additional beautification tasks.

INFRASTRUCTURE-MAINTENANCE

The Infrastructure Maintenance program is comprised of multiple divisions that are responsible for keeping all state roads and bridges well-maintained and functional. In recent years, the Department has worked to

bring tasks performed by the Infrastructure Maintenance program in-house rather than contracting services from outside vendors.

Infrastructure- Maintenance	FY2023 Actual	FY2024 Enacted	FY2024 Governor	Change from Enacted		FY2025 Governor	Change from Enacted	
Federal Funds	\$25.9	\$0.0	\$0.0	\$0.0	0.0%	\$0.0	\$0.0	0.0%
Other Funds	118.0	140.8	255.1	114.3	81.2%	148.8	8.0	5.7%
Total	\$143.9	\$140.8	\$255.1	\$114.3	81.2%	\$148.8	\$8.0	5.7%

\$ in millions. Totals may vary due to rounding

- The Automotive section is responsible for the upkeep and repair of the program's fleet of heavy trucks and equipment.
- The Engineering and Support office is a multi-faceted section responsible for the resolution of drainage problems, inspection of work permits, coordination of requests for pavement projects, maintenance of guardrails, fences, and highway-related equipment along the state highway, highway illumination, and state-wide beautification projects.
- The Field Operations section, which is comprised of staff who operate from multiple field offices across the State, is responsible for sweeping, litter collection, and snow plowing, as well as bridge, pothole, and guardrail repairs.

Infrastructure-Maintenance	All Fund Changes
288 Allens Ave Facility Purchase (other funds)	(\$8,000,000)
Vehicle Maintenance (other funds)	5,371,279
Salary and Benefits Adjustment (other funds)	4,408,188
Highway Maintenance Account Expenditures (other funds)	(2,302,513)
Winter Maintenance (other funds)	(1,000,881)
RICAP Funded Projects	100,585
Anti-Litter Campaign (other funds)	(12,340)
FY2025 Governor	\$148,810,635

288 Allens Avenue Facility Purchase (other funds)

(\$8.0 million)

The Budget removes \$8.0 million in gas tax revenue used for the purchase of the garage and maintenance facility located at 288 Allens Avenue in Providence. The Department originally intended to purchase the facility in FY2023 but, the purchase occurred in August 2024 due to a delay. The Budget, therefore, has shifted \$8.0 million from FY2023 to FY2024 and removes it in FY2025. The Department entered into a 5-year agreement, effective from September 2019 to September 2024, with an option to purchase the 33,000-square-foot building, in order to provide a convenient and secure storage site for Department vehicles and equipment.

Vehicle Maintenance (other funds)

\$5.4 million

The Budget includes \$10.9 million in other funds for vehicle maintenance expenditures excluding personnel, reflecting an increase of \$5.4 million from the enacted level. The adjustment includes a \$3.6 million increase for operating supplies and expenses and a \$1.8 million increase for capital purchases and equipment such as heavy equipment and motor vehicles. The Department is in the process of replacing the Maintenance Division's existing fleet and is purchasing heavy trucks, sweepers, loaders, backhoes, and tractors, in addition to maintaining the vehicles they currently possess.

Vehicle Maintenance	FY2024 Enacted	FY2025 Governor	Change
Capital Purchases and Equipment	\$4,082,335	\$5,870,584	\$1,788,249
Operating Supplies and Expenses	1,066,970	4,650,000	3,583,030
Total	\$5,149,305	\$10,520,584	\$5,371,279

Salary and Benefit Adjustment (other funds)**\$4.4 million**

The Budget includes \$38.9 million in other funds received through gas tax revenue, to support the salary and benefits of staff within the Infrastructure- Maintenance program, reflecting an increase of \$4.4 million from the enacted level. The adjustment includes a \$1.8 million increases to both salaries and benefits in addition to a \$799,119 increase in overtime. The salaries adjustment includes \$959,303 in turnover savings reflecting an increase of \$488,571 from the enacted level. The following table illustrates the adjustment.

	FY2024 Enacted	FY2025 Governor	Change
Salary and Benefits			
Salaries	\$17,977,142	\$19,751,063	\$1,773,921
Benefits	12,133,935	13,899,021	1,765,086
Overtime	3,713,555	4,512,674	799,119
Statewide Benefit Assessment	702,396	772,458	70,062
Total	\$34,527,028	\$38,935,216	\$4,408,188

Highway Maintenance Account Expenditures (other funds)**(\$2.3 million)**

The Budget includes \$105.2 million in Rhode Island Highway Maintenance Account (RIHMA) expenditures, reflecting a decrease of \$2.3 million from the FY2024 enacted level. The following table summarizes the Department's RIHMA projected expenditures and their changes between FY2024 and FY2025.

Initiative	FY2024 Enacted	FY2025 Governor	Change
Road And Bridge	\$74,532,350.0	\$71,554,463.0	(\$2,977,887)
State Match	12,013,126	12,800,000	786,874
RIPTA Transfer	10,105,916	9,996,545	(109,371)
Highway Drainage	6,171,268	6,000,000	(171,268)
Mixed Projects	4,670,284	4,839,423	169,139
Total	\$107,492,944	\$105,190,431	(\$2,302,513)

Winter Maintenance (other funds)**(\$1.0 million)**

The Budget includes \$14.0 million in other funds for winter maintenance, representing a \$1.0 million decrease from the FY2024 enacted level. The adjustment primarily reflects reductions of \$500,000 for road maintenance and repairs and \$500,000 for snowplowing and sanding. The \$14.0 million total amount is \$1.6 million above actual expenditures in FY2023.

RICAP Funded Projects (other funds)**\$100,585**

The Budget includes \$4.1 million in RICAP funds for the Infrastructure-Maintenance program, reflecting an increase of \$100,585 from the FY2024 enacted level. Additional information concerning RICAP funded projects is included in the Capital Projects section of this brief.

Anti-Litter Campaign (other funds)**(\$12,340)**

The Budget includes a net decrease of \$12,340 in other funds in the Infrastructure- Maintenance program for the implementation of a new Anti-Litter Campaign. The campaign includes \$150,000 for operating supplies and expenses such as safety vests, gloves, and trash bags as well as for specialized litter removal machines and vacuums. The campaign also includes personnel savings of \$162,340, related to the conversion of groundskeeper positions.

RIPTA Reduced Fare Bus Pass Program**Informational**

The Budget includes \$10.1 million to be transferred from the Highway Maintenance Account (HMA) to RIPTA, an increase of \$62,063 from the FY2023 Budget as Enacted. RIPTA receives 5.0 percent of the funds deposited into the HMA. In FY2018 and FY2019, RIPTA received \$5.0 million from the HMA, and

Article 8 of the FY2020 Budget as Enacted extended this transfer indefinitely. RIPTA uses these funds to perform debt service and the operating costs of the Free-Fare program.

RIPTA provides free bus rides to qualifying low-income seniors and people with disabilities through the Free-Fare Program. RIPTA estimates that nearly 15,000 individuals have free-fare bus passes, 10,607 individuals with disabilities and 4,285 seniors. These pass holders take approximately 6.4 million trips annually. Passes issued through the program are good for two years and include a \$10 processing fee to renew. To qualify as a low-income senior, applicants must be over age 65 and provide proof of income through either an SSI award letter, a Medicaid eligibility notice letter, or a Supplemental Income Verification Notice. The applicant's total household income may not be more than 200.0 percent of the Federal Poverty Level, or \$36,620 for a family of two, as of 2022. To qualify as a disabled person, the applicant must provide either a Medicare card with a disability code, a Supplemental Security Income award letter, or a Certification of Disability completed by the Providence Center. The program does not provide rides for individuals who meet the income threshold but are neither seniors nor disabled.

RIPTA also offers half-fare boarding to seniors and people with disabilities, regardless of income, during off-peak hours. Participants must enroll in the program and will be issued a valid identification card. Participants are required to pay full fare during peak service hours (7:00 AM-9:00 AM and 3:00 PM-6:00 PM on weekdays).

Free Fare Program Changes: The Reduced Fare program was originally scheduled to begin in July 2016. Previously, eligible low-income seniors and disabled individuals had their rides fully subsidized under RIPTA's Free Fare program; however, the program contributed significantly to RIPTA's operating deficits. The Reduced Fare model was expected to help alleviate the deficit. Due to outcry from local advocacy groups, transitioning from the Free Fare program to the Reduced Fare model was effectively delayed for seven months when the General Assembly appropriated \$900,000 to RIPTA for the program in the FY2017 Budget as Enacted. Article 4 of the FY2018 Budget as Enacted provided the Rhode Island Public Transit Authority (RIPTA) with \$5.0 million in Rhode Island Highway Maintenance Funds in both FY2018 and FY2019: \$3.4 million to fund the free-fare program for low-income senior and disabled persons, and the remaining \$1.6 million for debt service payments that were shifted back to the Authority. Article 8 of the FY2020 Budget extended the \$5.0 million in HMA funding to RIPTA indefinitely.

Low Income Pilot Program: At the October 2022 RIPTA Board of Directors Meeting, the Board approved a pilot program that distributed 600 bus passes to agencies that service unhoused and low-income individuals. The individuals that received the bus passes met the income threshold to qualify for the current free-fare program but did not qualify as elderly or disabled. The bus passes were valid for 6-months post-activation and have been distributed to over 10 community agencies. The Authority collected data concerning the total number of trips taken, the routes most frequently ridden, and any overcrowding that was experienced. Upon completion, RIPTA staff drafted a report to the Board of Directors outlining the results.

At the October 2023 RIPTA Board of Directors Meeting, the Board received a report from RIPTA concerning the results of the low-income pilot program and a recommendation to create a Phase 2 Pilot program. As of September 30, 2023, the pilot had provided 128,347 rides and forgone approximately \$257,000 in total revenue, or \$40,000 per month. Additionally, RIPTA recommended extending the pilot program for an additional six months while also providing clear guidance to partner organizations and individuals enrolled. During the first half of Phase 2, November 2023 – January 2024, partner organizations were trained to manage accounts on the Authority's Wave portal. During the second half of Phase 2, February 2024 – April 2024, RIPTA will continue to cover the cost of fare products but the partner organizations will manage the participant passes directly. The Board approved the recommendation and authorized the Pilot's extension.

As of January 2024, preliminary data indicates that the pilot program has provided a total of 179,900 passenger rides and forgone \$359,800 in revenue (calculated at \$2.00 per trip). The Authority indicates that

training sessions with partner organizations have taken place and that Phase 2 is on schedule to conclude at the end of April.

CAPITAL PROJECTS

The Budget includes a total of \$895.0 million in all funds for capital projects within the Department of Transportation in FY2024 and \$922.5 million in FY2025. Federal funds from the Federal Highway Administration represent the budget's largest funding source, providing \$509.1 million in FY2024 and \$511.4 million in FY2025. The Budget also includes \$171.1 million of Rhode Island Capital Plan (RICAP) funds in FY2024 and \$125.6 million in FY2025. The following table illustrates the funding sources for the Department's capital plan for FY2024 through FY2029.

Funding Source Name	Pre-FY2024	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	Post-FY2029	Total Capital
Federal Highway Administration	\$2,327.6	\$509.1	\$511.4	\$751.7	\$683.3	\$529.4	\$398.9	\$1.8	\$5,713.1
Federal Highway Funds- Debt Service	312.2	65.8	62.4	62.4	62.4	62.4	62.4	-	690.2
Federal Transit Administration	31.9	4.2	4.3	4.5	4.6	4.7	4.9	5.0	64.1
GARVEE Bonds	67.8	63.3	69.0	-	-	-	-	-	200.0
Gas Tax	33.2	9.4	9.5	9.2	9.1	9.1	9.0	-	88.5
Land Sale Revenue	25.9	5.1	5.1	5.1	5.2	5.2	5.3	-	56.9
P.L. 2014, Ch. 145 - Issued	10.8	13.5	10.7	-	-	-	-	-	35.0
P.L. 2020, Ch. 80 - Issued	0.0	0.0	67.0	0.0	0.0	0.0	0.0	-	67.0
P.L. 2020, Ch. 80 - Unissued	0.0	0.0	0.0	4.7	0.0	0.0	0.0	-	4.7
RI Capital Plan Fund	321.6	171.1	125.6	-	-	-	-	-	747.7
Transportation Soft Match	0.5	0.2	0.1	0.1	0.1	0.1	0.1	-	1.2
Vehicle Registration Fees	122.1	53.4	57.3	63.8	64.0	63.8	63.8	29.0	517.2
Total:	\$3,253.5	\$895.0	\$922.5	\$933.6	\$860.4	\$707.7	\$576.2	\$36.7	\$8,185.7

\$ in millions. Totals may vary due to rounding

The FY2025 Governor's Budget includes \$125.6 million in RICAP funds for the Department, reflecting a \$12.2 million decrease from the FY2024 Budget as Enacted. The decrease largely reflects a \$12.3 million reduction for the Highway Improvement Program. The following table illustrates the Department's projects funded by RICAP funds.

RICAP Funded Projects	FY2024 Enacted	FY2024 Governor	Change	FY2025 Governor	Change
Bike Path Maintenance	\$400,000	\$441,897	\$41,897	\$400,000	-
Highway Improvement Program	133,406,300	163,406,300	30,000,000	121,102,060	(12,304,240)
Capital Equipment Replacement	1,800,000	4,623,429	2,823,429	1,800,000	-
Maintenance Facility Improvements	500,000	803,768	303,768	500,000	-
Salt Storage Facilities	1,080,000	495,384	(584,616)	1,150,000	70,000
Train Station Maintenance and Repairs	395,000	927,647	532,647	475,585	80,585
Welcome Center	200,000	371,814	171,814	150,000	(50,000)
Total	\$137,781,300	\$171,070,239	\$33,288,939	\$125,577,645	(\$12,203,655)

The Budget transfers \$14.6 million to RIPTA in FY2025, reflecting a \$2.5 million increase from the FY2024 Enacted Budget's transfer. The increase includes an additional \$1.9 million for the Pawtucket Bus Hub Passenger Facility and \$841,583 for the Land and Buildings project, offset by a \$250,000 reduction for the URI Mobility Hub. The following table illustrates RIPTA transfer adjustment.

RIPTA: RICAP Funded Projects	FY2024 Enacted	FY2024 Governor	Change	FY2025 Governor	Change
Land and Buildings	\$10,372,818	\$10,490,687	\$117,869	\$11,214,401	\$841,583
Pawtucket Bus Hub Passenger Facility	1,500,000	1,220,243	(279,757)	3,424,529	1,924,529
URI Mobility Hub	250,000	850,000	600,000	-	(250,000)
Providence High-Capacity Transit Corridor Study	-	225,000	225,000	-	-
Warwick Bus Hub	-	27,097	27,097	-	-
Total	\$12,122,818	\$12,813,027	\$690,209	\$14,638,930	\$2,516,112

Rhode Island Public Transit Authority

Revenues By Source	FY2022 Actual	FY2023 Actual	FY2024 Revised	Change from FY2023		FY2025 Governor	Change from FY2023	
Passenger Revenue	\$19.4	\$20.6	\$24.8	\$4.3	20.8%	\$25.1	\$4.5	22.1%
Special Project - Local/Fed	0.0	1.2	2.9	1.7	146.3%	0.0	(1.2)	-100.0%
Other Revenue	5.7	14.5	6.1	(8.5)	-58.2%	6.4	(8.1)	-56.0%
Federal Funds	25.9	33.0	34.5	1.5	4.7%	35.3	2.3	7.1%
Federal Emergency Relief (CARES)	15.3	25.4	27.8	2.4	9.5%	11.1	(14.4)	-56.5%
RI Gasoline Tax *	41.8	41.9	41.7	(0.2)	-0.4%	41.2	(0.7)	-1.7%
RI Department of Human Services **	0.8	0.8	1.7	0.8	103.6%	1.5	0.7	88.3%
RI Highway Maintenance Account	3.5	6.9	4.9	(2.0)	-28.5%	5.0	(1.9)	-27.6%
Contributed Capital ***	6.1	40.0	0.0	(40.0)	-100.0%	0.0	(40.0)	-100.0%
State Fiscal Recovery Funds #	-	-	-	-	-	10.0	10.0	-
Total Revenue	\$118.6	\$184.3	\$144.4	(\$39.9)	-21.6%	\$135.6	(\$48.7)	-26.4%

Expenditures By Category

Salaries & Benefits †	\$79.0	\$100.1	\$102.9	\$2.9	2.9%	\$105.0	\$4.9	4.9%
Salaries & Benefits - Federal	8.7	-	-	-	-	-	-	-
Contract Services	2.7	6.9	6.9	0.1	0.8%	7.1	0.2	3.5%
Contract Services - Federal	2.2	-	-	-	-	-	-	-
Operating Expenses	12.9	23.9	27.3	3.4	14.1%	27.6	3.6	15.2%
Operating Expenses - Federal	4.3	-	-	-	-	-	-	-
Utilities	1.7	2.0	2.2	0.1	7.0%	2.2	0.2	9.6%
Utilities - Federal	0.0	-	-	-	-	-	-	-
Special Project - Local/Fed	-	0.0	2.9	2.9	-	-	(0.0)	-200.0%
Capital Match	0.0	0.4	1.1	0.6	156.7%	0.7	0.3	66.1%
Debt Service ‡	0.4	-	1.1	1.1	-	1.1	1.1	-
Depreciation §	16.8	15.4	-	(15.4)	-100.0%	-	(15.4)	-100.0%
Total Expenses ¶	\$128.6	\$148.7	\$144.4	(\$4.3)	-2.9%	\$143.7	(\$5.1)	-3.4%
Surplus/(Deficit)	(\$10.0)	\$35.6	(\$0.0)	-	-	(\$8.1)	-	-

\$ in millions. Totals may vary due to rounding

Authorized FTE Levels	813.0	795.0	873.0	-	-	873.0	-	-
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* Gas Tax and Highway Maintenance Account estimated by Department of Revenue in May 2023.

** Gas Tax funding provided through the Department of Human Services for the RIDE Program.

*** Contributed Capital are not budgeted but reflected in FY2023 results.

Designates a one-time State Fiscal Recovery Fund (SFRF) transfer to assist the Authority's FY2025 operating deficit.

† The Authority only has the resources to pay retiree health claims as they arise, note there is no fund for unfunded liability of other post-employment benefits. The total unfunded OPEB liability as of June 30, 2023 is \$63.8 million.

‡ In addition to interest expense, RIPTA budgets the repayment of bond principal. Actual results only reflect the interest expense.

§ Depreciation expense is not budgeted, only operating funds to be used for capital expenditures. Capital expenditures were \$6.5 million in FY2022 and \$12.6 million in FY2023 and are not reflected in the table above.

¶ Actual results reflect changes in liabilities that are not budgeted and do not reflect cash outflows (legal, pension, and OPEB).

The Rhode Island Public Transit Authority (RIPTA) was established in 1964 and is currently governed by an eight (8) member Board of Directors. As defined under RIGL 39-18-3, RIPTA is responsible for:

- Providing public transit services to meet the mobility needs of the people of the State
- Increasing access to employment opportunities

- Connecting different modes of public transportation, including rail, air, and water services
- Promoting community design that features public transit services
- Facilitating energy conservation and efficient energy use through public transit services
- Mitigating traffic congestion and enhancing air quality

RIPTA operates and maintains two facilities in Providence and one in Newport.

RIPTA's FY2025 Budget, approved by the Board in November of 2023, includes the May 2023 projections of the motor fuel tax and Rhode Island Highway Maintenance Account. The Governor's Budget, released in January of 2024, includes projections from November of 2023 in addition to revisions recommended by the Governor.

MAJOR ISSUES AND TRENDS

The RIPTA Budget includes \$143.7 million in expenditures, supported by \$135.6 million in revenues, thereby creating an \$8.1 million deficit for FY2025. Included in the revenue is a \$10.0 million deposit of American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) recommended by the Governor, in order to provide fiscal support and reduce the deficit from \$18.1 million to \$8.1 million.

Since the start of the COVID-19 pandemic, the Authority received a total of \$138.7 million in federal emergency relief funds, including \$92.2 million from the Coronavirus Aid, Relief, and Economic Security (CARES) Act; \$769,136 from the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act; and, \$45.7 million from the American Rescue Plan (ARPA) Act, which includes the \$10.0 million recommended by the Governor in FY2025. The Authority plans to expend \$27.8 million of federal aid to balance the FY2024 Budget and the remaining \$11.1 million to reduce the FY2025 deficit.

RIPTA is heavily reliant on the depleting emergency relief funds and anticipates significant year-end shortfalls of \$8.1 million in FY2025, \$33.4 million in FY2026, \$37.5 million in FY2027, \$41.7 million in FY2028, and \$46.7 million in FY2029. The Authority has yet to identify a strategy to close these projected budget gaps and is discussing future options, which may include cutting service levels.

Projected Year End Shortfall	
FY2025	\$8.1
FY2026	33.4
FY2027	37.5
FY2028	41.7
FY2029	46.7

\$ in millions

Source: RIPTA FY2025 Budget

Additionally, RIPTA has been struggling to recruit and hire drivers, which has resulted in several proposed adjustments to the service schedules. The Authority indicates that approximately 10-20 drivers retire per year and recruitment has not occurred at a similar pace, suggesting a significant loss of service, if more drivers are not hired. The proposed adjustments to the service schedules include the elimination of 11 routes, significant reductions of weekend service, and increased trips on 4 routes. The service adjustments are not related to the fiscal cliff, but are personnel based. As of January 2024, the Authority has reopened contracts with the union.

Analyst Note: In February of 2024, RIPTA reached an agreement with the union and the Authority will not continue with the proposed service cuts. The new agreement increases the starting driver wage of \$21.71 per hour to \$25.33 per hour. The FY2025 Budget does not reflect the agreement.

The Budget directs RIPTA to conduct an efficiency review of its transit operations and submit a report to the Governor, Speaker of the House of Representatives, and the President of the Senate. The review’s objective is to increase RIPTA’s overall efficiency by ensuring the Authority is using their provided resources effectively. The review should focus on cost-effectiveness and include data such as operating expenses, ridership figures, costs per rider, and other information across all serviced regions. Additionally, the review may explore other transit service delivery models and successful transit strategies in order to produce recommendations to foster effective and sustainable transit operations. The report must be submitted by January 1, 2025.

STATE FUNDING

The RIPTA has two statutory funding sources, the Rhode Island Highway Maintenance Account (RIHMA) ,and tax revenue collected on the purchase of motor fuel (gas tax). The RIHMA is projected to transfer \$9.9 million in FY2024 and \$10.0 million in FY2025 to the Authority. Additionally, RIPTA is projected to receive \$45.4 million in FY2024 and \$44.4 million in FY2025 of gas tax revenue.

Highway Maintenance Account

The FY2015 Budget as Enacted included a provision that RIPTA would receive 5.0 percent of available proceeds from revenue deposited into the RIHMA beginning in FY2016.

Additionally, Article 4 of the FY2018 Enacted Budget provided RIPTA with \$5.0 million in Rhode Island Highway Maintenance Account (RIHMA) in both FY2018 and FY2019 to fund the free-fare program for low-income senior and disabled persons. The legislation required the creation of a Coordinating Council to develop recommendations for the sustainable funding of the program while maximizing the use of federal funds available to support the transportation needs of this population. The Council was due to present its funding recommendations to the Governor and General Assembly by November 1, 2018; however, RIPTA did not present its findings until December 31, 2018. Within the submitted report, the main recommendation for sustainable funding was to divert an additional penny of the gas tax to RIPTA for this program, which was not provided. Article 8 of the FY2020 Budget as Enacted extended the \$5.0 million in RIHMA funding to RIPTA indefinitely to fund the Free-Fare Program.

The November 2023 projections from the Office of Revenue Analysis (ORA) indicate RIPTA’s total share of the RIHMA is \$9.9 million in FY2024 and \$10.0 million FY2025. RIPTA uses RIHMA funding to support the senior and disabled bus pass program, debt service, and other operating expenses. The following table illustrates RIPTA’s RIHMA funding.

RIHMA Line Item	FY2024	FY2025
5% Share to RIPTA	\$4.9	\$5.0
5.0 Million Base to RIPTA	5.0	5.0
Total	\$9.9	\$10.0

\$ in millions
Source: ORA November 2023

Motor Fuel Tax

A portion of RIPTA’s funding is provided by the motor fuel tax (gas tax). RIPTA’s share of the motor vehicle fuel revenue totals \$0.1054 per gallon and is comprised of RIPTA’s statutory portion of \$0.0925 per gallon, a \$0.0079 transfer from the Office of Healthy Aging (OHA), and \$0.005 per gallon transfer from the Environmental Protection Fee associated with the Underground Storage Tank fund.

Beginning in FY2016, the tax is adjusted every other year based on the percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U), rounded to the nearest 1.0 cent increment. The Department of Revenue’s Office of Revenue Analysis (ORA) is responsible for both estimating the gas tax yield as well as determining the impact of the CPI-U. In FY2020, ORA assumed inflation would change significantly

enough to warrant a 1.0 cent increase, raising the gas tax rate from 33.5 cents to 34.5 cents per gallon. Furthermore, ORA determined a 3.0 cent increase to the gas tax was warranted at the start of FY2024, based upon inflation and the increasing CPI-U. The gas tax was therefore raised from 34.5 cents to 37.5 cents. Pursuant to RIGL 31-36-20, the additional gas tax revenue is directed to the Department of Transportation (RIDOT).

Article 6 Changes: Article 6 of the FY2025 Governor's Budget revises the disposition of gas tax revenue by rescinding the \$0.01 transfer to OHA and authorizing direct transfers of \$0.0079 to RIPTA and \$0.0021 to OHA. The revision does not create a fiscal impact as the adjustment is strictly administrative and both RIPTA and OHA will continue to receive the same share. The following table illustrates the current and recommended disposition of motor fuel tax.

Motor Fuel Tax Transfers	Current Disposition	Article Disposition
RIPTA Transfer	9.25¢	10.04¢
UST to RIPTA	0.50	0.50
DEA Transfer	1.00	0.21
DOT share	21.25	21.25
Garvee Motor Fuel Tax Bonds	2.00	2.00
RITBA	3.50	3.50
Total	37.5¢	37.5¢

The FY2025 Governor's Recommended Budget is based on a gas tax of 37.5 cents per gallon (including \$0.005 from the environmental protection fee), of which, each cent is projected to yield \$4.2 million. The Authority is projected to receive \$45.4 million and \$44.4 million in FY2024 and FY2025 respectively. The gas tax is projected to increase to 38.5 cents in FY2026 and 39.5 cents in FY2028 due to the CPI-U adjustment; however, all additional revenue will be directed to the Department of Transportation. The following table illustrates RIPTA's projected motor fuel tax share and includes the disposition revision for FY2025-FY2029.

Motor Fuel Tax Revenue to RIPTA	FY2023 Preliminary	FY2024 Projected	FY2025 Projected	FY2026 Projected	FY2027 Projected	FY2028 Projected	FY2029 Projected
Statutory Transfer	\$40.0	\$39.8	\$42.3	\$40.7	\$39.5	\$37.9	\$35.9
Environmental Protection Fee Transfer	2.1	2.2	2.1	2.0	2.0	1.9	1.8
Office of Healthy Aging Transfer	2.1	3.4	-	-	-	-	-
Total Transfer to RIPTA	\$44.1	\$45.4	\$44.4	\$42.8	\$41.5	\$39.8	\$37.7
Projected Yield per Penny	\$4.3	\$4.3	\$4.2	\$4.1	\$3.9	\$3.8	\$3.6

Source: ORA November 2023 Gas Tax Estimate

\$ in millions, totals may vary due to rounding

Fare Changes

No fare changes are proposed for FY2024 or FY2025. In 2015, RIPTA conducted a comprehensive study of the fare products offered to customers, as well as the rates charged. The goals of the fare study were to simplify fare products; improve the reliability of fare media; introduce needed products; make boarding a bus fast, convenient, and reliable; implement new fare technologies; and, maximize revenue and ridership. RIPTA's Board adopted a new fare structure in December 2016 that eliminated the 15-ride pass and RIPTIKs (packages of 10 one-way tickets including free transfers that did not expire), created a 10-ride pass, increased the price of a 7-day pass and bus transfers, and recommended charging seniors and people with disabilities \$0.50 per trips.

While other changes were implemented, the charge to seniors and people with disabilities caused concern among advocacy groups and was never executed. Since FY2017, the General Assembly has included additional funds to continue the free fare program.

In September 2020, RIPTA launched the WAVE program, a smart fare collection system. The WAVE program operates on an earn-as-you-go model. The system tracks rider's trips allowing them to pay for individual rides or days while never exceeding the price of a day pass or month pass. Once a user spends the equivalent to a day or month pass they are not charged for any additional rides that day or month.

The WAVE program is fully implemented allowing RIPTA to move away from paper products. As of January 2022, RIPTA is no longer accepting paper fare products and bus drivers will not make change for cash payments. Passengers must pay via the WAVE smart card or app, exact change, photo ID pass, or a U-Pass ID. The Authority has stopped accepting the paper monthly passes as of June 2022. The following table illustrates current fares.

RIPTA Fares	FY2021	FY2022	FY2023	FY2024	FY2025
1-Day Pass	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00
7-Day Pass	25.00	25.00	25.00	25.00	25.00
10- Ride Pass (Discontinued in FY2016)	-	-	-	-	-
RIPTIKS (discontinued in FY2016)	-	-	-	-	-
Monthly Pass	70.00	70.00	70.00	70.00	70.00
Ride/Paratransit	4.00	4.00	4.00	4.00	4.00
Transfers	1.00	1.00	1.00	1.00	1.00
Cash Fare for Buses and Trolleys	2.00	2.00	2.00	2.00	2.00
Reduced Fare for Seniors and Disabled Off Peak*	10.00	10.00	10.00	10.00	10.00

* \$10 is the cost to renew pass, must be done every 2 years.

Analyst Note: RIPTA has not increased the base fare of \$2.00 for buses and trolleys since FY2011. The Bureau of Labor Statistics CPI Inflation Calculator indicates that \$2.00 in January of 2011 equates to \$2.80 of purchasing power in January of 2024, a 40.0 percent increase.

Free Fare Program

RIPTA provides free bus rides to qualifying low-income seniors and people with disabilities through the Free-Fare Program. RIPTA estimates that nearly 15,000 individuals have free-fare bus passes, 10,607 individuals with disabilities, and 4,285 seniors. These pass holders take approximately 6.4 million trips annually. Passes issued through the program are good for two years and require a \$10 processing fee to renew. To qualify as a low-income senior, applicants must be over age 65 and provide proof of income through either an SSI award letter, a Medicaid eligibility notice letter, or a Supplemental Income Verification Notice. The applicant's total household income may not be more than 200.0 percent of the Federal Poverty Level, or \$40,880 for a family of two, as of 2024. To qualify as a disabled person, the applicant must provide either a Medicare card with a disability code, a Supplemental Security Income award letter, or a Certification of Disability completed by the Providence Center. The program does not currently provide rides for individuals who meet the income threshold but are neither seniors nor disabled, but the Authority is currently conducting a pilot program to determine if it would be feasible in the future.

RIPTA also offers half-fare (currently \$1) boarding to seniors and people with disabilities, regardless of income, during off-peak hours. Participants must enroll in the program and will be issued a valid identification card. Participants are required to pay full fare during peak service hours (7 am-9 am and 3 pm-6 pm on weekdays).

Free Fare Program Changes: The Reduced Fare program was originally scheduled to begin in July 2016. Previously, eligible low-income seniors and disabled individuals had their rides fully subsidized under RIPTA's Free Fare program; however, the program contributed significantly to RIPTA's operating deficits.

The Reduced Fare model was expected to help alleviate the deficit. Due to outcry from local advocacy groups, transitioning from the Free Fare program to the Reduced Fare model was effectively delayed for seven months when the General Assembly appropriated \$900,000 to RIPTA for the program in the FY2017 Budget as Enacted. Article 4 of the FY2018 Budget as Enacted, provided the Rhode Island Public Transit Authority (RIPTA) with \$5.0 million in Rhode Island Highway Maintenance Funds in both FY2018 and FY2019: \$3.4 million to fund the free-fare program for low-income senior and disabled persons, and the remaining \$1.6 million for debt service payments that were shifted back to the Authority. Article 8 of the FY2020 Budget extended the \$5.0 million in HMA funding to RIPTA indefinitely.

Low-Income Pilot Program: At the October 2022 RIPTA Board of Directors Meeting, the Board authorized a pilot program that distributed 600 bus passes to organizations who assist unhoused and low-income communities, as well as to individuals directly. The pilot's population were individuals whose income qualifies for the current free-fare program, but are not elderly or disabled. Distribution of the bus passes granted RIPTA the ability to study the total number of trips taken and the routes most frequently ridden. The bus passes were distributed to over 12 community agencies and intended to be valid for a six-month period. Upon the pilot's conclusion, RIPTA is to deliver a report to the Board of Directors. As of August 2023, the pilot program has expanded and RIPTA has issued 775 bus passes, 175 more than originally allotted. The preliminary data from March 2023 through July indicates RIPTA has provided 91,012 total trips and forgone \$182,024 in fare revenue (calculated at \$2.00 per trip). Additionally, RIPTA notes that individual pass usage has declined but average use per pass has increased.

At the October 2023 RIPTA Board of Directors Meeting, the Board received a report from RIPTA concerning the results of the low-income pilot program and a recommendation to create a Phase 2 Pilot program. As of September 30, 2023, the pilot had provided 128,347 rides and forgone approximately \$257,000 in total revenue, or \$40,000 per month. Additionally, RIPTA recommended extending the pilot program for an additional six months while also providing clear guidance to partner organizations and individuals enrolled. During the first half of Phase 2, November 2023 – January 2024, partner organizations were trained to manage accounts on the Authority's Wave portal. During the second half of Phase 2, February 2024 – April 2024, RIPTA will continue to cover the cost of fare products but the partner organizations will manage the participant passes directly. The Board approved the recommendation and authorized the Pilot's extension.

As of January 2024, preliminary data indicates that the pilot program has provided a total of 179,900 passenger rides and forgone \$359,800 in revenue (calculated at \$2.00 per trip). The Authority indicates that training sessions with partner organizations have taken place and that Phase 2 is on schedule to conclude at the end of April.

R-Line Free-Fare Pilot Program: In the 2022 session, the General Assembly enacted a pilot program to offer free fares on the R-Line, RIPTA's most frequent and highest-ridership route, which connects Providence and Pawtucket. The program began on September 1, 2022, and concluded on October 1, 2023.

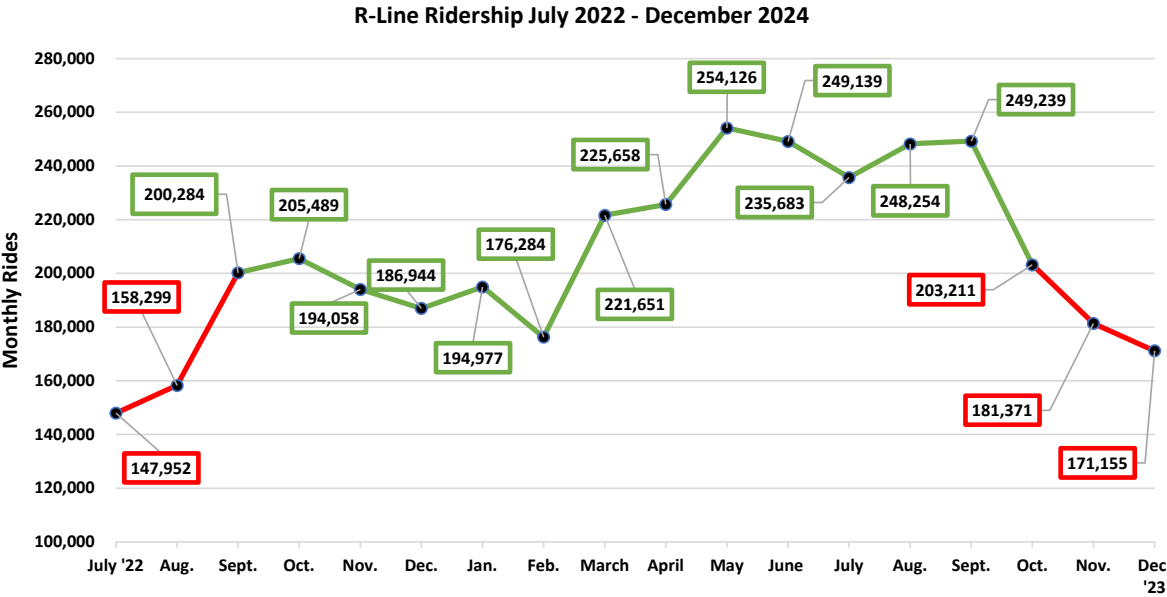
The program was originally funded with \$2.5 million of ARPA SFRF funds in FY2023 and intended to be a one-year pilot. The funding is provided to replace lost fare revenue, purchase automatic passenger counters, perform a required Federal Transit Administration Title VI Analysis, and prepare an evaluation report to the General Assembly. The pilot program presents a unique opportunity to study the benefits and potential drawbacks of a fare-free transit service in Rhode Island. RIPTA will analyze a variety of factors, including ridership impacts on the R-Line, other RIPTA routes, and paratransit service; service reliability; financial impacts to RIPTA and transit riders; and environmental impacts.

The Authority indicated that the program increased ridership but also led to a reduction in the Authority's Third-Party fare revenue. Third-Party fares are provided by colleges and other institutions on behalf of their students or employees. RIPTA indicated that institutions have expended less than the Authority originally anticipated, resulting in a decline in revenue. Therefore, the FY2024 Budget appropriated an additional \$750,000 for the initiative, reflecting a total of \$3.3 million in SFRF for the pilot. Additionally, RIPTA

announced a one-month extension to the pilot in August of 2023, which concluded on October 1, 2023. The Authority is directed to submit a report concerning the ridership data to the Speaker of the House, President of the Senate, and the Governor by March 1, 2024.

Analyst Note: As of March 21, 2024, RIPTA has yet to submit the report concerning the R-Line Free Fare pilot program.

The following graph illustrates the preliminary, R-Line ridership data from July 2022 through December 2023. The variance between July of 2022 and June of 2023 represents a 68.4 percent increase.



Note: A green border indicates the month offered fare-free service.

Transportation Coordinating Council: Pursuant to Article 4 of the FY2018 Enacted Budget, RIPTA established a coordinating council to develop recommendations for the sustainable funding of the Free Fare Bus Pass Program while maximizing the use of federal funds available to support the transportation needs of the State’s elderly and disabled populations. The Council was due to report its recommendations to the Governor, Speaker of the House, and Senate President by November 1, 2018; however, RIPTA did not present its findings until December 31, 2018.

The Council consisted of members from multiple State agencies including RIPTA; the Department of Human Services; the Executive Office of Human Services; the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals; the Office of Veteran’s Affairs; and, the Division of Elderly Affairs. The Council broke into two “working groups”, the Communications Working Group and the Bus Pass Program Funding Working Group. Although the legislation was passed in June 2017 the Council did not begin meeting until January 2018. The entire Council met a total of six times from January through December of 2018.

RIPTA estimated that the total funding gap within the Free-Fare Program will be about \$4.4 million in FY2020. Within the submitted report the main recommendation for sustainable funding was to divert an additional penny of the gas tax, or an equal amount of funding from another source, to RIPTA.

The No-Fare Bus Pass Coalition, an advocacy group that was also a member of the Council, made the following recommendations:

- A dedicated stream of state lottery or gambling revenues, such as a scratch ticket to promote public transit or earmarking a percentage of anticipated gaming revenues for RIPTA.

- Establishing a tax on ride-sharing companies, such as Uber and Lyft, with funds collected allocated to RIPTA.
- Establishing a tax on parking lots, or increasing the cost of parking, and allocating additional funds collected to RIPTA.

Although the Council was aware of these recommendations, there was no follow-up with relative Departments such as the Lottery or the Department of Revenue. The Free-Fare Program continues to be funded through the \$5.0 million appropriation to RIPTA from the HMA.

Paratransit Study: The Authority expended \$75,000 of gas tax revenue by conducting a study of their current operations and paratransit bus services, which resulted in the design of a statewide program that addresses the transportation needs of seniors and individuals with disabilities. The Authority currently offers the RIdE program, which is a paratransit service for individuals whose disabilities prevent either the independent use of the fixed route system or travel to and from bus stops. The study specifically focused on the needs of elderly and disabled individuals who use the fixed route system but do not live within three-quarters of a mile from a fixed route, as required by ADA paratransit services.

The study began in June 2022 and the completed analysis was delivered to the General Assembly in January 2023. The analysis detailed two options for statewide paratransit service, both a base and extended service, and concluded that operating costs would range from \$5.4 million for the base service to \$6.4 million for the extended service. Additionally, the study estimates that startup and capital costs range from \$3.9 million for the base service to \$4.2 million for the extended service.

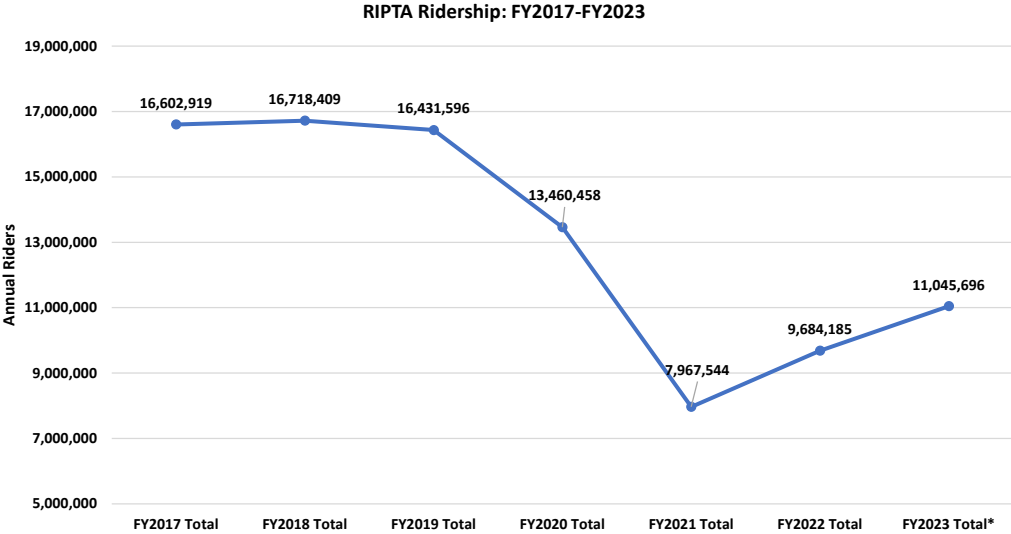
Paratransit Pilot: To further expand upon the Paratransit Study's conclusions, the FY2024 Budget as Enacted directed RIPTA to operate a voucher pilot program. The pilot program, titled RIdE Anywhere, soft launched on January 1, 2024 to study the feasibility and implementation of expanding the Authority's paratransit service to underserved communities throughout the State. The pilot is limited by RIPTA's resources as the Authority was not provided additional funds and is expending \$500,000 of their annual gas tax revenue distribution for the pilot's operation. Individuals enrolled in the RIdE program can begin requesting trips that go beyond the current service area and pay the same fare as a standard paratransit trip. The Authority will prioritize rides within the federally required $\frac{3}{4}$ of a mile service area. Individuals must request rides 24 hours in advance and the Authority will confirm their ability to accommodate. This may change, as the Authority is pursuing a contract with an outside vendor. Following the pilot's conclusion, the Budget requires the Authority to deliver an evaluation report to the General Assembly by June 1, 2025.

At the Special Board of Directors Meeting on January 30, 2024, the Authority recommended the Board approve a contract with Uber to administer the pilot, but the motion was defeated with a 4-4 vote. RIPTA received submissions from two companies, Uber and MJM Innovations. The evaluation committee determined that MJM Innovations did not meet the qualifications and recommended the Board approve a contract with Uber. The Board discussion cited several concerns about the Uber contract such as the availability of service in rural areas, safety concerns, privatization of public labor, and the cost. Following the motion's defeat, the Authority will continue to their soft launch while pursuing a contract with an outside vendor.

Ridership

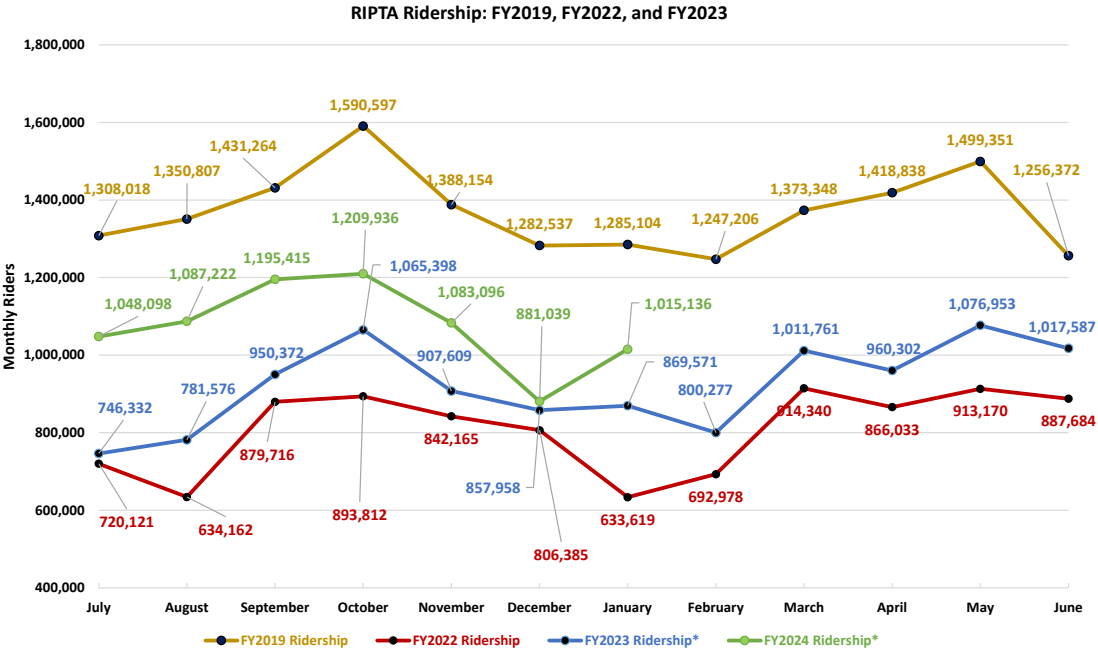
RIPTA offers four types of transit services: fixed route, flex service, the RIdE Program, and vanpool services. Fixed route service consists primarily of regular bus service on established routes. Flex service provides van transportation within a limited geographic area. The RIdE program provides transportation to eligible senior citizens and individuals with disabilities. Vanpool services, which started in FY2018, allow a group of commuters to lease a shared vehicle through Enterprise and use the vehicle daily while commuting to work. The vanpool program is mainly used by Electric Boat in Quonset Business Park; however, RIPTA hopes to expand this program into other areas of the State in the next few years.

RIPTA’s ridership has steadily increased following the pandemic and recent year low of 8.0 million passenger trips in FY2021. Throughout FY2022, RIPTA recorded 9.7 million passenger trips, reflecting a 20.3 percent increase from the previous year. In FY2023, RIPTA recorded 11.1 million passenger trips, representing a 14.1 percent increase from the previous year and 38.6 percent increase from FY2021. However, passenger trips have yet to surpass pre-pandemic numbers, as FY2023 is 17.9 percent below the 13.5 million passenger trips provided in FY2019. The following graph illustrates RIPTA’s total ridership for FY2017 through FY2023.



* FY2023 data is preliminary and not audited
Source: RIPTA

The following graph compares ridership data from FY2019, the fiscal year before the pandemic, to FY2022, FY2023, and partially FY2024. While ridership has yet to return to pre-pandemic levels, the passengers who previously rode RIPTA are beginning to return and the figures are trending in a positive direction.



* FY2023 and FY2024 data is preliminary and not audited
Source: RIPTA

TRANSIT MASTER PLAN

RIPTA released a Transit Master Plan (TMP) titled Transit Forward, that was adopted by the State Planning Council on December 10, 2020. The Transit Master Plan identifies five key indicatives to transform transit in RI:

- Improve Existing Services
- Expand Service to New Areas
- Develop High Capacity Transit
- Improve Access to Transit
- Make Service Easier to Use

Each initiative includes several projects designed to accomplish the goal, some of which are already included in the Authority's capital plan. The Authority indicates that full implementation of the Transit Master Plan will increase the Authority's operating cost to an annual average of \$217.0 million in addition to increased annual capital costs of \$103-\$160 million. If fully implemented today, the TMP would increase operating costs by approximately \$18.0 million layered over the current deficit for a 5-year period. The following table illustrates the Authority's operating costs if the TMP was fully implemented in FY2025

Implementation of TMP	FY2025	FY2026	FY2027	FY2028	FY2029
Current Projected Deficit	\$18.1	\$33.4	\$37.5	\$41.7	\$46.7
Projected TMP Operating Costs	18.0	18.0	18.0	18.0	18.0
Total Projected Costs	\$36.1	\$51.4	\$55.6	\$59.8	\$64.7

\$ in millions.

SELECTED CAPITAL PROJECTS

The FY2025 Governor's Recommended Budget includes \$109.4 million of capital spending in FY2025, of which, \$88.8 million or 81.8 percent is provided by the Federal Transit Administration (FTA), and the remainder is provided by a variety of other sources, most significantly Rhode Island Capital Plan (RICAP) funds. The following table illustrates the Authority's capital funding sources.

RIPTA Capital Funding Sources

Funding Source Name	Pre-FY2024	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	Post FY2029	Total Capital
Agency Funds	\$4.5	-	-	-	-	-	-	-	\$4.5
Federal Emergency Management Agency	0.0	-	-	-	-	-	-	-	0.0
Federal Stimulus Funding	21.8	-	-	-	-	-	-	-	21.8
Federal Transit Administration	189.3	94.7	88.8	69.0	62.4	56.0	56.4	52.7	669.3
Local Funds	1.1	0.1	-	-	-	-	-	-	1.1
Offset to Avoid Double Counting	-	(10.7)	(10.7)	-	-	-	-	-	(21.4)
Other Funds	-	0.7	-	-	-	-	-	-	0.7
Paratransit Revolving Fund	3.7	0.9	-	0.5	0.5	1.1	1.2	-	7.9
P.L. 2014, Ch. 145 - Issued	-	10.7	10.7	-	-	-	-	-	21.4
RI Capital Plan Fund	3.6	12.8	14.6	5.2	0.5	0.5	0.5	0.5	38.2
RIPTA Capital Funds	0.5	-	-	-	-	-	-	-	0.5
RIPTA Operating Funds	8.9	1.7	-	-	-	-	-	-	10.6
RIPTA Revolving Loan Fund	1.5	0.3	0.6	-	-	-	-	-	2.4
State Fleet Replacement Fund	4.2	-	-	-	-	-	-	-	4.2
Vehicle Registration Fees	3.1	4.6	5.4	4.7	4.8	4.8	4.8	5.1	37.2
Total:	\$242.0	\$115.8	\$109.4	\$79.3	\$68.2	\$62.4	\$62.9	\$58.3	\$798.4

\$ in millions

Major projects include the following:

Fixed Route: The Budget includes \$68.8 million in FY2024 and \$29.1 million in FY2025 for the financing and purchase of 54 fixed-route buses, including 40 diesel and 17 electric buses. The State will provide \$4.6 million of revenue collected from vehicle registration fees as a match for \$24.3 million in federal funds. RIPTA maintains a fixed-route fleet of about 245 vehicles. Federal Transit Administration (FTA) guidelines recommend that fixed route vehicles are replaced at the end of their 12-year useful life. RIPTA often uses buses past their 12-year recommended lifespan due to funding constraints. RIPTA indicates the possibility of a 2 to 1 replacement plan moving forward, where upon retirement, each diesel bus will be replaced with 2 electric buses. The Authority currently has seventeen electric buses, three manufactured by Proterra electric buses and fourteen manufactured by New Flyer. The New Flyer buses are servicing the R-Line and are charged throughout the day at the in-line charging facility located at 350 Montgomery Avenue in Cranston. The charging facility is the first of its kind in the Northeast Region.

Analyst Note: The Rhode Island Congressional Delegation secured a \$5.0 million Low-No grant in June of 2023 to provide additional funding for RIPTA's electric bus fleet.

Paratransit Vehicles: The Budget includes \$4.6 million in FY2024 and no funding in FY2025. RIPTA maintains a fleet of about 100 vehicles for the paratransit program, also known as RIdE. Federal Transit Administration (FTA) guidelines recommend that Paratransit vehicles be retired at the end of their 5-year useful life. Despite uncertainties within the paratransit program, the age of the Paratransit fleet requires the continued replacement of vehicles.

Paratransit vehicles are funded via a fee charged for all trips provided through the paratransit program. The proceeds from this fee are put into the Paratransit Revolving Loan Fund, an internal RIPTA mechanism that funds the match for paratransit vehicles. Proceeds from this fee have fallen as the trip volume under the program has reduced. RIPTA continues to review this funding mechanism to determine the long-term impact on paratransit fleet replacement. The FTA pays 80.0 percent of each vehicle replacement cost and RIPTA pays a 20.0 percent local match from its revolving loan fund. The Authority had purchased 25 vehicles in FY2016 and a larger quantity in FY2023. The majority of FY2023's order has arrived with the remaining 25 expected in FY2024.

East Side Tunnel: The Budget includes \$8.7 million in FY2024 and \$8.2 million in FY2025 for the East Side Tunnel project. The East Side Tunnel, also known as the College Hill Tunnel, requires passenger amenity improvements, structural repairs, and safety improvements. A preliminary needs analysis and engineering design is complete and RIPTA is anticipating awarding a contract in FY2024

The College Hill tunnel is designated as a "fixed guideway". This designation increases the amount of funding that the State receives from the Federal Transit Administration. If repairs are not made to the tunnel, the Authority may have to discontinue its use. This would not only have a severe impact on the Authority's Section 5307 funds but would also increase RIPTA's operating costs, as routes would have to be reconfigured. Improving the safety of the tunnel is a major priority of the Authority.

In addition to structural concerns, the tunnel is narrow and poorly lit, which may present safety concerns. RIPTA indicates that the existing bus stops at either end of the tunnel are inconveniently located and are in poor condition resulting in an unsatisfactory passenger experience.

Dorrance Street Transit Center: The Budget includes \$10.7 million in both FY2024 and FY2025 for the creation of a Downtown Transit Center, an intermodal facility in Providence that will allow all passengers to transfer routes in a streamlined location. The project will be funded with the balance of the 2014 Transit Bond, which is approximately \$21.4 million. The Dorrance Street Transit Center, the project's original title, was initially planned to be located on the blocks bounded by Dorrance Street, Friendship Street, Clifford Street, and Dyer Street, to provide a single location for bus service. RIPTA has since abandoned this site and a new location has yet to be determined. Additionally, the Transit Center is expected to be a mixed-use

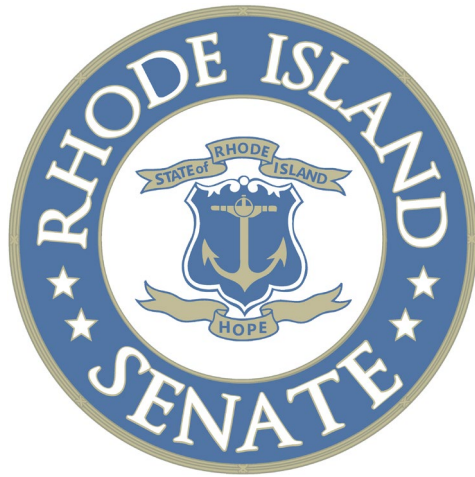
development area with the expansion of nearby retail and housing locations. An RFP was issued on January 17, 2023, and the project will be a Public Private Partnership (P3).

At the August 2023 Board of Directors Meeting, RIPTA reported receiving one response from the RFP and the Authority's Evaluation Team scored the proposal from Next Wave Partners, a 95 out of 100. Next Wave Partners is a consortium comprised of Gilbane Development Company, Plenary Americas, Marsella Development, Gilbane Building Company, CUBE 3, and Jacobs. The Board accepted the bid at the August 2023 Board of Directors Meeting.

At the Special Board of Directors Meeting on January 30, 2024, RIPTA approved the Preliminary Services Agreement for the Joint Business Development Project, funded by the \$21.4 million balance of the 2014 Transit Bond. The preliminary services include: site assessment and acquisition, public engagement, progressive design, construction, financing, operation, and maintenance of the Transit Center Joint Development. The contract identifies six tasks that Next Wave Partners will complete in 651 days, or approximately one year and nine months, for a projected cost of \$16.9 million. The contract also includes fees for additional services, if necessary. The Authority entered into the contract on February 16, 2024 and it is projected to be completed on November 28, 2025.

Task	Duration of Task (days)	Projected Cost	Projected Completion Date
Task 1: Kick-Off/ Visioning	72	\$1,415,433	4/28/2024
Task 2: Due Dilligence & Conceptual Options Package	105	2,028,476	8/11/2024
Task 3: Basis of Design Report (BODR) Submittal	104	2,155,837	11/23/2024
Task 4: 30% Design Package Submittal	126	3,418,748	3/29/2025
Task 5: 60% Design Package Submittal	116	4,276,291	7/23/2025
Task 6: Definitive Submittal	128	3,579,589	11/28/2025
Total	651	\$16,874,374	11/28/2025

Duration in days



SPECIAL REPORTS

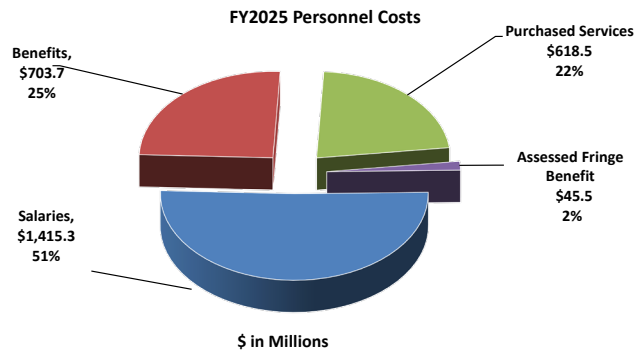
Personnel

The Office of Management and Budget made a presentational change on how Medicaid revenue is reorganized for better tracking Medicaid expenses in the Eleanor Slater Hospital (ESH) and Rhode Island Community Living and Supports (RICLAS) programs at the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals. This change requires an “adjusted” personnel budget to make fair comparisons between fiscal years.

The FY2025 Budget includes an adjusted total of \$2,783.0 million (unadjusted is \$2,684.3 million) for personnel expenditures, an increase of \$114.6 million compared to the FY2024 Budget as Enacted, and \$73.2 million more as compared to the Governor’s FY2024 Supplemental Budget recommendation. Salaries and benefits total \$2,119.0 million and comprise 76.1 percent of FY2025 personnel expenditures (56.4 percent of the salaries and benefits costs are supported by general revenue).

The Governor’s FY2024 Supplemental Budget includes an adjusted total of \$2,709.8 million (unadjusted \$2,610.4 million) for personnel expenditures, a decrease of \$41.4 million compared to the FY2024 Budget as Enacted. Salaries and benefits total \$2,054.9 million and comprise 75.8 percent of FY2024 revised personnel expenditures (55.6 percent of the salaries and benefits costs are supported by general revenue).

The following narrative and tables illustrates the adjusted personnel expenses in both FY2024 Supplemental and FY2025 Budgets.



PERSONNEL EXPENDITURE TRENDS

Expenditures for salaries in FY2025 total \$1,415.3 million, comprising 50.9 percent of total personnel costs, an increase of \$50.1 million (3.7 percent) from the FY2024 Budget as Enacted. Total adjusted benefit costs, excluding assessed fringe benefits costs, amount to \$703.7 million and comprise 25.3 percent of total personnel costs. Benefits increase \$14.3 million, 2.2 percent, from the FY2024 Budget as Enacted. Purchased services costs are \$618.5 million, 22.2 percent, of the total personnel costs. Purchased services increase by \$49.9 million, 8.1 percent, from the FY2024 Budget as Enacted.

Expenses by Description	FY2022		FY2023		FY2024		FY2024		FY2025	
	Actual	% of Total	Actual	% of Total	Enacted	% of Total	Governor	% of Total	Governor	% of Total
Salaries	\$1,224.9	49.9%	\$1,274.0	52.9%	\$1,365.3	51.2%	\$1,381.0	51.0%	\$1,415.3	50.9%
Benefits	570.5	23.2%	616.2	25.6%	689.4	25.8%	673.9	24.9%	703.7	25.3%
Purchased Services	622.5	25.4%	486.5	20.2%	568.6	21.3%	610.8	22.5%	618.5	22.2%
Assessed Fringe Benefits	37.5	1.5%	33.4	1.4%	45.2	1.7%	44.1	1.6%	45.5	1.6%
Total	\$2,455.4	100.0%	\$2,410.1	100.0%	\$2,668.4	100.0%	\$2,709.8	100.0%	\$2,783.0	100.0%

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

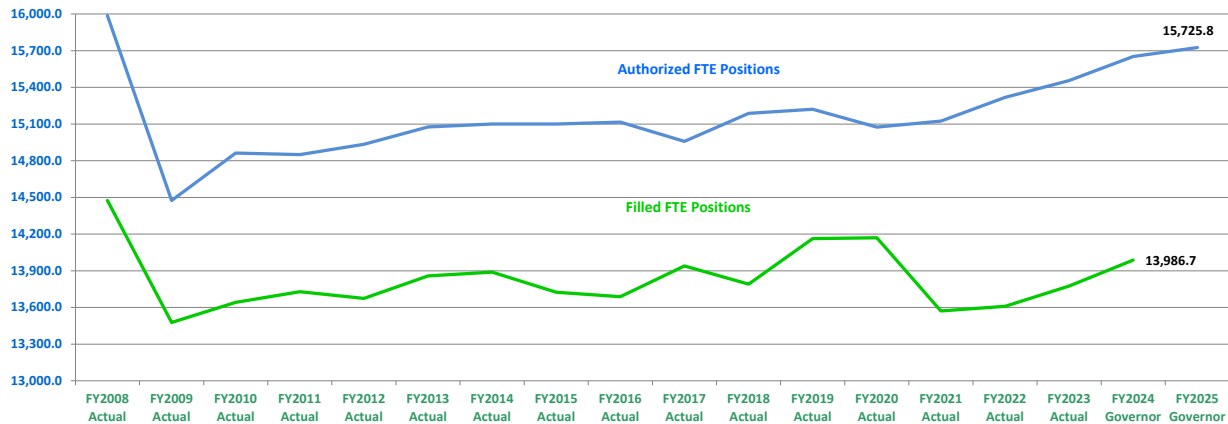
Expenses by Function	FY2022	FY2023	FY2024	FY2024	FY2025	% of Pers. Budget	FY2025	
	Actual	Actual	Enacted	Governor	Governor		General Revenue	FY2025 General Revenue %
General Government	\$306.6	\$290.5	\$335.8	\$334.6	\$338.6	12.2%	\$193.7	14.1%
Human Services	770.2	665.5	739.8	759.6	787.8	28.3%	375.9	27.3%
Education	696.9	729.4	798.8	806.8	836.9	30.1%	259.4	18.9%
Natural Resources	67.9	69.6	77.1	82.4	82.3	3.0%	45.1	3.3%
Public Safety	478.2	514.9	547.0	550.8	555.7	20.0%	500.7	36.4%
Transportation	135.5	140.1	170.0	175.6	181.6	6.5%	-	-
Total	\$2,455.4	\$2,410.1	\$2,668.4	\$2,709.8	\$2,783.0	100.0%	\$1,374.8	100.0%

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

FTE POSITIONS

The FY2024 Budget authorizes 15,636.9 FTE positions. At the start of the fiscal year, 13,788.5 FTE positions (88.2 percent of the enacted authorized amount) were filled, leaving 1,848.4 FTE positions vacant, a rate of 11.8 percent. As of February 10, 2024, the State has a net increase of 198.2 filled FTE positions. Over the past decade, the vacancy rate has averaged 8.8 percent, or 1,333.9 FTE positions.

The Governor recommends 15,725.8 FTE positions in FY2025, 88.9 FTE positions more than the previous fiscal year.



The following table illustrates the number of FTE positions by government function.

Government Function	FY2024 Enacted	FY2024 Governor	Change to Enacted	FY2025 Governor	% of Total	Change to Enacted
General Government	2,533.4	2,545.3	11.9	2,568.3	16.3%	34.9
Human Services	3,795.3	3,798.5	3.2	3,827.5	24.3%	32.2
Education	4,242.8	4,242.8	-	4,246.8	27.0%	4.0
Public Safety	3,333.6	3,334.4	0.8	3,339.4	21.2%	5.8
Natural Resources	457.0	457.0	-	469.0	3.0%	12.0
Transportation	755.0	755.0	-	755.0	4.8%	-
Subtotal	15,117.1	15,133.0	15.9	15,206.0	96.7%	88.9
Sponsored Research	519.8	519.8	-	519.8	3.3%	-
Total FTE Positions	15,636.9	15,652.8	15.9	15,725.8	100.0%	88.9

FY2024: The FY2024 Supplemental Budget proposes 15,652.8 FTE positions, a net increase of 15.9 FTE positions from the FY2024 Budget as Enacted.

- **An increase of 12.0 FTE positions in the Department of Revenue:** The FY2024 Supplemental Budget increases positions in the positions in the Department of Revenue by 12.0 FTEs as compared to the FY2024 enacted level. These include a 1.0 Assistant Controller, 2.0 Casino Compliance Supervisors, 4.0 Casino Gaming Operations Investigators, 1.0 Information Technology Security Manager, 1.0 Internal Auditor, 1.0 Problem Gambling Program Manager, 1.0 Software Support Specialist, and 1.0 Ticket Accounting Clerk.
- **An increase of 2.0 FTE positions in the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals:** The Budget adds a 1.0 Deputy Administrator FTE position and a 1.0 State Building and Grounds Coordinator FTE position related to group home maintenance.
- **A net increase of 1.2 Positions in the Department of Health:** The Revised Budget includes an increase of 1.2 FTEs in the Division of Community Health and Equity, reflecting a 0.2 FTE for the Women’s Cancer Screening and 1.0 FTE for Healthy Eating and Active Living (HEAL).

- **An increase of 1.0 FTE position in the Department of Corrections:** The Budget adds 1.0 FTE Deputy Chief Inspector position. The position was transferred from the Department of Administration on a 3-day rule to provide oversight to the Office of Internal Affairs within the Central Management program. This administrative adjustment led to the Department of Corrections exceeding their FTE cap and the increased funding and FTE position rectifies the violation.
- **A decrease of 0.2 position in the Department of Public Safety:** The Budget removes 0.2 FTE position in the Department of Public Safety reflecting Departmental administrative adjustments.
- **A decrease of 0.1 FTE position in the Department of Administration:** The Budget removes 0.1 FTE position.

FY2025: The FY2025 Budget proposes 15,725.8 FTE positions, a net increase of 88.9 FTE positions from the FY2024 Budget as Enacted and an increase of 73.0 FTE positions from the Governor's recommendation for the FY2024 Supplemental Budget. The following are changes in the Governor's proposal:

- **An increase of 24.0 FTE positions in the Department of Revenue:** The Budget increases positions in the Department of Revenue in FY2025 by 24.0 FTEs as compared to the FY2024 enacted level. These include a 1.0 Administrative Assistant, 1.0 Casino Financial Analyst Supervisor, 1.0 Assistant Controller, 2.0 Casino Compliance Supervisors, 7.0 Casino Gaming Operations Investigators, 1.0 Information Technology Security Manager, 1.0 Internal Auditor, 2.0 Problem Gambling Program Manager, 1.0 Software Support Specialist, 1.0 Ticket Accounting Clerk, 1.0 Legal Counsel, 1.0 Tax Investigator, and 4.0 Taxpayer Assistance Representatives.
- **An increase of 15.0 FTE positions in the Executive Office of Health and Human Services:** The increase includes 6.0 new FTE positions to accommodate the transfer of communication staff from other human services departments into EOHHS; 5.0 new FTE positions to convert 3.0 current contract employees within the RIte Share program to state positions and 2.0 new Health Program Administrator positions; 2.0 new FTE positions to support long-term healthcare system planning and the alignment of existing initiatives; 1.0 new FTE position focused on third-party liability recovery; and, 1.0 new Quality Control Review FTE position to monitor eligibility determinations and claims processing.
- **An increase of 12.0 FTE positions in the Department of Environmental Management:** The Budget shifts temporary, seasonal positions to full-time employees within the Division of Parks and Recreation and eliminates funding for about 100 seasonal positions, leaving funding for about 390 seasonal positions. The new positions include 8.0 FTE maintenance technician positions, to address issues at facilities such as restrooms and visitor centers, and 4.0 FTE information aide positions that will provide clerical, administrative, and customer service support to allow park and beach managers more time to focus on the facilities.
- **An increase of 9.0 FTE positions in the Department of Children, Youth, and Families:** The Budget adds 8.0 new FTE positions at the Rhode Island Training School (RITS), 2.0 new FTEs related to children's behavioral health services, and shifts 1.0 Community Liaison/Relations Coordinator FTE into the Executive Office of Health and Human Services for a net increase of 9.0 FTE positions.
- **An increase of 9.0 positions in the Department of Human Services:** The Budget includes a net increase of 9.0 FTE positions to the Department, including, a decrease of 1.0 FTE in Central Management, and an increase of 10.0 new FTE positions in Individual and Family Support.
- **An increase of 8.9 FTE positions in the Department of Administration:** The Budget adds 8.9 FTE positions to the department, including 3.0 FTE positions to Accounts and Control to staff the Enterprise Resource Planning project; 3.0 FTE positions to Division of Human Resources; 1.0 FTE position to the Division of Capital Asset Management and Maintenance for a building manager position at the Shepard Building; 1.0 FTE position for a Chief Data Officer; and 1.0 FTE position to the Office of Energy Resources to support grant programs. The proposal funds 7.0 FTE position from internal service funds

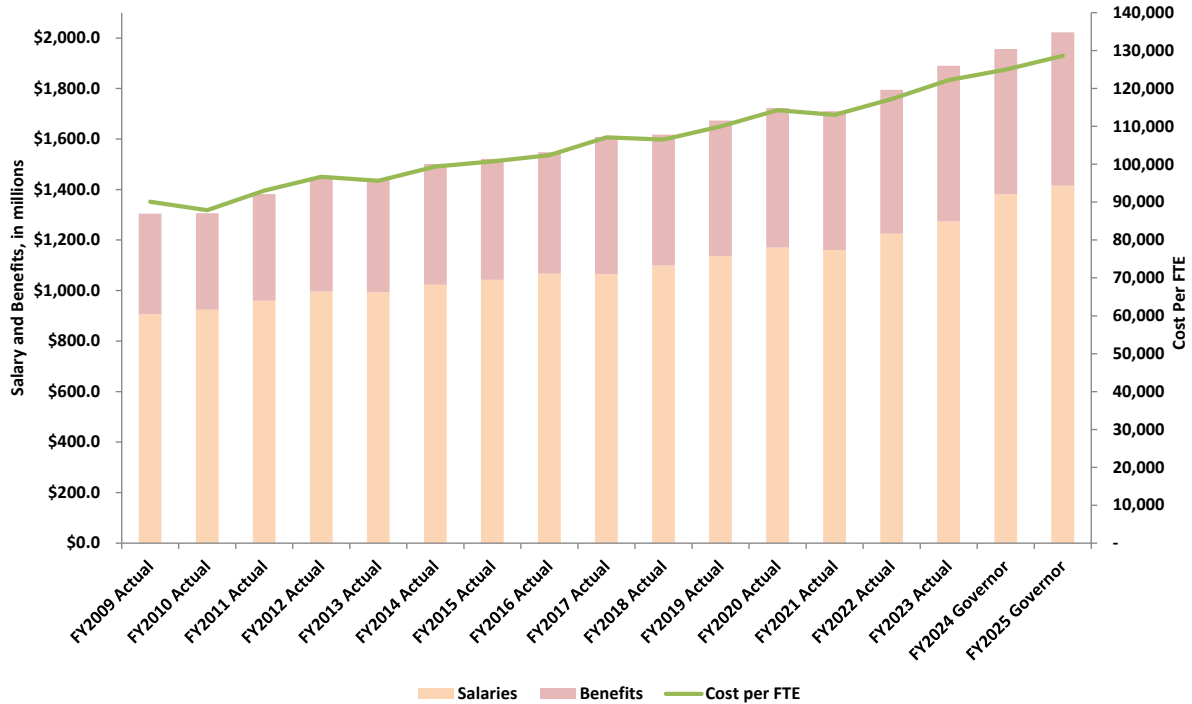
and 2.0 FTE positions funded by restricted receipts. The FTE position increase is offset by a 0.1 FTE reduction.

- **An increase of 3.0 positions in the Department of Elementary and Secondary Education:** The Budget provides 1.0 new FTE position to support career and technical education (CTE) by focusing on developing the monitoring plan, including materials, schedule, and protocols. The monitoring system is projected to be in place by June 2026. In addition, the Budget provides 2.0 new FTE positions to move them from grant-funded, term-limited status to permanent.
- **An increase of 2.0 FTE positions in the Public Utilities Commission:** The Budget adds 2.0 FTE positions to the Agency; a 1.0 Deputy Chief of Legal Services and a 1.0 Administrative Clerk to handle the requirements of RIGL 39-1-19 that allows the Administrator of the Division to request legal assistance from the Office of the Attorney General (OAG) to represent the Division in regulatory proceedings.
- **An increase of 2.0 FTE positions in the Judiciary:** Adds 2.0 new FTE court stenographer positions to comply with the union contract requiring a six to five ratio of court reporters to judges and magistrates.
- **An increase of 2.0 FTE positions in the RI Emergency Management Agency:** The Budget adds a 1.0 Warehouse Manager and a new 1.0 Assistant Director of Communications.
- **A net decrease of 1.8 positions in the Department of Health:** The Budget includes a net decrease of 1.8 FTE positions in the Department of Health, primarily attributable to the transfer of 3.0 Public Information Officers to EOHHS. The Budget includes 1.2 new FTE positions in the Division of Community Health and Equity for 0.2 FTE for the Women's Cancer Screening and 1.0 FTE for Healthy Eating and Active Living (HEAL).
- **An increase of 1.0 position in Public Higher Education:** The Budget includes an increase of 1.0 FTE within the Office of the Postsecondary Commissioner for a new operations coordinator at the Westerly Education Center.
- **An increase of 1.0 FTE position in the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals:** The Budget adds a 1.0 Deputy Administrator FTE position and a 1.0 State Building and Grounds Coordinator FTE position related to group home maintenance, and shifts 1.0 Administrator II FTE into the Executive Office of Health and Human Services for a net increase of 1.0 FTE position.
- **An increase of 1.0 FTE positions in the Department of Corrections:** The Budget adds 1.0 FTE Deputy Chief Inspector position. The position was transferred from the Department of Administration on a 3-day rule to provide oversight to the Office of Internal Affairs. This administrative adjustment led to the Department of Corrections exceeding their FTE cap and the increased funding and FTE position rectifies the violation.
- **An increase of 1.0 positions in the Department of Public Safety:** The Budget adds 1.0 FTE Capitol Police Officer position. The position will address the lack of sworn security at the State House and further bolster the safety of employees, legislators, and members of the public.

AVERAGE COST PER FTE

The projected average cost per FTE position is \$128,631 in FY2025, reflecting an increase of 2.9 percent over the FY2024 Supplemental Budget. Statewide, total salary costs increased annually on average by 2.9 percent and benefit costs increased 2.6 percent since 2009.

Average Cost per FTE



TURNOVER

The FY2025 Budget lists turnover as a natural account under the personnel category. This practice started with Governor’s recommendation for the FY2020 Budget. As illustrated in the table, the FY2024 Budget as Enacted contained \$80.2 million in turnover savings, of which \$45.2 million or 56.3 percent consisted of general revenue funds. The FY2024 Supplemental Budget decreases total turnover to \$76.6 million, reflecting decreased savings of \$3.6 million in the revised budget. For FY2025, the Budget recommends turnover savings of \$73.4 million, of which \$58.0 million, or 78.9 percent, reflects general revenue.

Turnover by Funding Source

Funding Source	FY2024 Enacted	FY2024 Governor	Change	FY2025 Governor	Change
General Revenue	(\$45,160,634)	(\$55,518,936)	(\$10,358,302)	(\$57,976,390)	(\$12,815,756)
Federal Funds	(28,106,226)	(8,459,401)	19,646,825	(7,565,348)	20,540,878
Restricted Receipts	(648,977)	(1,944,363)	(1,295,386)	(697,922)	(48,945)
Other Funds	(6,258,346)	(10,649,064)	(4,390,718)	(7,209,548)	(951,202)
Total	(\$80,174,183)	(\$76,571,764)	\$3,602,419	(\$73,449,208)	\$6,724,975

In FY2025, turnover is stated in 31 agency budgets, 5 more than the previous fiscal year. The following table illustrates the top agencies with all fund turnover savings exceeding \$1.0 million.

Turnover by Agency	FY2024	FY2024	Change	FY2025	Change
	Enacted	Governor		Governor	
BHDDH	(\$40,492,130)	(\$13,922,092)	\$26,570,038	(\$17,816,421)	\$22,675,709
Department of Corrections	(9,173,770)	(11,807,555)	(2,633,785)	(9,482,021)	(308,251)
Community College of Rhode Island	(4,355,380)	(7,706,991)	(3,351,611)	(6,528,425)	(2,173,045)
Department of Human Services	(2,598,339)	(6,433,738)	(3,835,399)	(6,234,938)	(3,636,599)
Department of Revenue	(4,030,352)	(4,703,542)	(673,190)	(5,053,266)	(1,022,914)
DCYF	(3,706,270)	(3,608,280)	97,990	(3,870,905)	(164,635)
Rhode Island College	(2,617,701)	(5,337,956)	(2,720,255)	(3,430,735)	(813,034)
Department of Administration	(202,141)	(1,111,769)	(909,628)	(2,932,391)	(2,730,250)
Department of Labor and Training	(12,666)	(3,002,134)	(2,989,468)	(2,653,526)	(2,640,860)
Executive Office of Health and Human Se	(1,381,994)	(1,954,397)	(572,403)	(2,538,769)	(1,156,775)
Department of Transportation	(1,544,259)	(4,565,836)	(3,021,577)	(2,118,698)	(574,439)
Elementary and Secondary Education	(1,369,454)	(1,826,071)	(456,617)	(1,875,784)	(506,330)
Judiciary	(2,692,397)	(1,812,352)	880,045	(1,822,424)	869,973
Department of Public Safety	(2,197,827)	(2,010,000)	187,827	(1,382,491)	815,336
Department of Health	(805,517)	(720,519)	84,998	(1,331,987)	(526,470)
Office of Attorney General	(634,009)	(852,292)	(218,283)	(1,248,916)	(614,907)
All Other Agencies	(2,359,977)	(5,196,240)	(2,836,263)	(3,127,511)	(767,534)
Total	(\$80,174,183)	(\$76,571,764)	\$3,602,419	(\$73,449,208)	\$6,724,975

PURCHASED SERVICES

Purchased services expenditures provide for contractors (non-state employees) who deliver special expertise to the State or where the work is temporary or project-specific. There are 10 categories of purchased services: 8 of the 10 categories: Management and Consultant Services, Information Technology, Training and Educational Services, Design and Engineering, Other Contracts, Medical Services, University and College Services, and Clerical and Temporary Services, comprise 96.1 percent of the total FY2025 purchased service expenditure recommendation in the Budget.

Purchased Services	FY2024	FY2024	Change	FY2025	Change
	Enacted	Governor		Governor	
Management & Consultant Services	\$162,705,277	\$145,829,256	(\$16,876,021)	\$174,385,717	\$11,680,440
Information Technology	107,204,972	125,314,050	18,109,078	122,366,508	15,161,536
Training and Educational Services	107,539,536	110,342,082	2,802,546	106,141,678	(1,397,858)
Design and Engineering Services	70,133,520	76,644,237	6,510,717	76,784,620	6,651,100
Other Contracts	33,133,312	38,921,743	5,788,431	36,441,222	3,307,910
Medical Services	30,072,093	30,087,378	15,285	29,163,519	(908,574)
University and College Services	21,733,838	26,485,526	4,751,688	23,588,780	1,854,942
Clerical and Temporary Services	14,646,600	32,932,797	18,286,197	23,356,472	8,709,872
Buildings and Ground Maintenance	10,605,980	13,424,639	2,818,659	13,514,880	2,908,900
Legal Services	10,790,649	9,980,115	(810,534)	10,212,791	(577,858)
Total	\$568,565,777	\$609,961,823	\$41,396,046	\$615,956,187	\$47,390,410

The FY2025 Budget includes \$616.0 million for purchased service expenses, of which \$297.6 million is federal funds (48.3 percent), \$151.6 million (24.6 percent) is general revenue, \$117.3 million (19.0 percent) is restricted receipts, and \$49.5 million (8.0 percent) is other funds. The FY2025 Budget reflects an increase of \$47.4 million from the FY2024 Budget as Enacted and an increase of \$6.0 million from the FY2024 Supplemental Budget.

Eleven state departments account for \$556.1 million (90.3 percent) of the appropriation for purchased services, of which two departments have significant changes; Executive Office of Health and Human Services with an increase of \$32.9 million; and, Office of the Postsecondary Commissioner with a decrease of \$6.9 million.

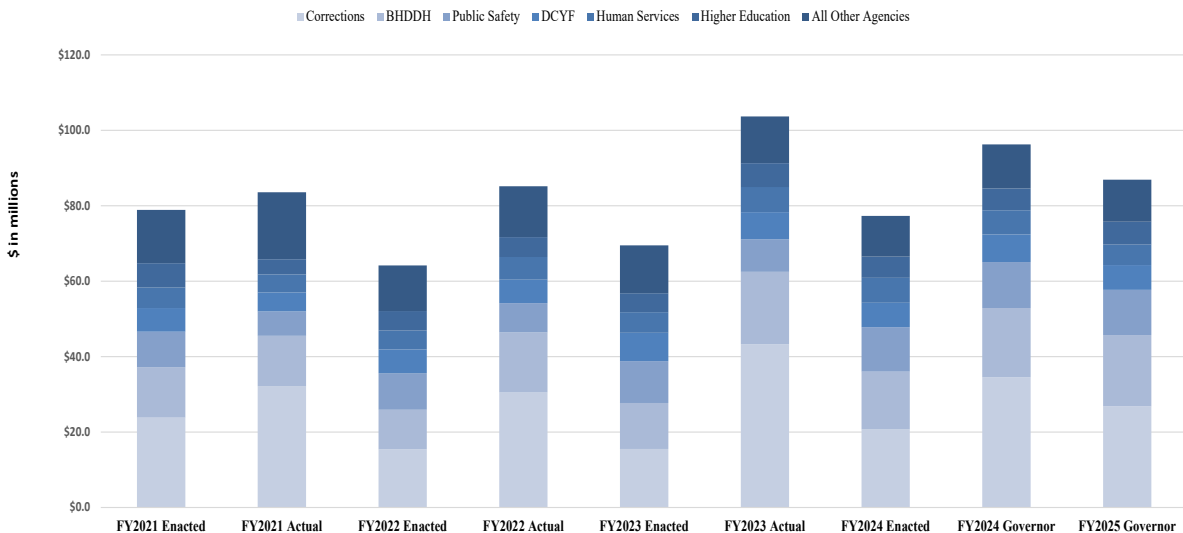
Purchased Services	FY2024 Enacted	FY2024 Governor	FY2025 Governor	Change
EOHHS	\$174,703,985	\$164,891,469	\$207,616,939	\$32,912,954
Elementary and Secondary Education	85,646,256	91,008,332	92,923,485	7,277,229
Department of Transportation	67,604,820	69,058,502	70,732,699	3,127,879
Department of Human Services	41,548,859	54,659,892	48,298,794	6,749,935
University of Rhode Island	29,120,609	30,036,740	30,380,328	1,259,719
Department of Health	33,278,199	45,855,598	30,048,574	(3,229,625)
Department of Administration	22,248,932	23,607,969	19,344,380	(2,904,552)
Department of Corrections	17,676,587	18,920,812	18,354,969	678,382
Department of Environmental Management	9,641,177	14,926,121	13,748,385	4,107,208
BHDDH	13,329,017	15,156,789	12,962,541	(366,476)
Department of Revenue	10,249,897	11,271,856	11,675,089	1,425,192
Department of Labor and Training	7,921,101	8,569,190	8,978,104	1,057,003
DCYF	7,085,318	6,642,280	6,642,280	(443,038)
Community College of Rhode Island	3,799,005	5,449,389	5,254,994	1,455,989
Office of the General Treasurer	6,202,519	6,202,519	5,134,752	(1,067,767)
Office of the Postsecondary Commissioner	11,734,352	11,734,352	4,857,169	(6,877,183)
Department of Business Regulation	4,102,970	5,003,890	4,817,947	714,977
Rhode Island College	3,780,611	4,141,894	4,173,191	392,580
Office of Attorney General	2,368,208	3,187,850	3,902,628	1,534,420
All Other Agencies	16,523,355	19,636,379	16,108,939	(414,416)
Total	\$568,565,777	\$609,961,823	\$615,956,187	\$47,390,410

OVERTIME

The overtime costs in the FY2025 Budget are projected to total \$86.9 million, \$9.6 million more than the FY2024 Budget as Enacted and \$9.4 million less than proposed in the FY2024 Revised Budget.

General revenue supports 72.4 percent of overtime expenses in FY2025 and comprises 53.3 percent of the expenses in the FY2024 Supplemental Budget. 30.8 percent of the total FY2025 projected overtime expenditures for the State occur with the Department of Corrections. As shown in the following chart, actual overtime expenses often exceed budgeted amounts.

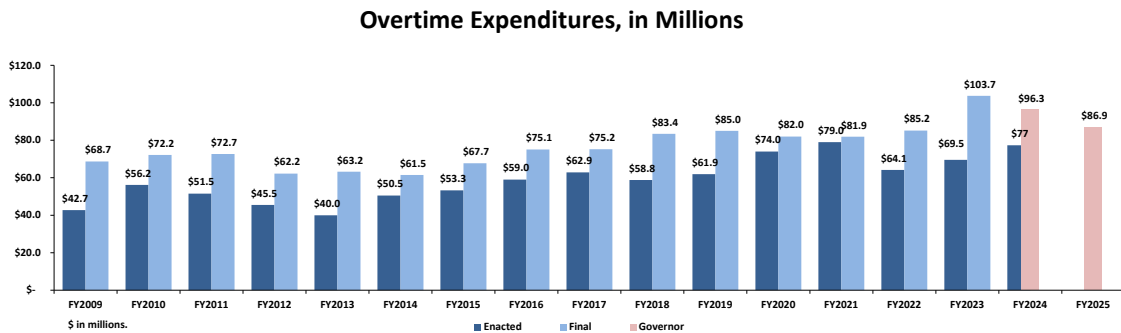
Overtime Costs



Overtime costs often result from staffing shortages, due to either high turnover rates or insufficient FTE authorizations in the enacted budget. Where there are state or federally mandated minimum staffing levels (such as at Eleanor Slater Hospital in BHDDH), or caseload-driven personnel requirements (such as inmate population levels at the Department of Corrections) agencies must use overtime or contract personnel to provide adequate coverage.

- Department of Corrections:** The FY2025 Budget includes a net increase of \$6.1 million in overtime expenditures, reflecting a total of \$26.8 million for the Department. The Custody and Security program realizes the largest variance, increasing by \$6.3 million when compared to the FY2024 Enacted Budget. The increase reflects the unachieved savings related to the closure of housing modules included in the FY2024 Budget as Enacted. The Department indicates that the 13 housing modules will remain open and the projected savings will not be achieved due to several factors. The Department originally cited COVID-19 protocols and preventative measures related to violent individuals as the primary rationale for the continued closure, as time progressed the primary reason shifted to an increase to the DOC's population, and a projected increase to the incarcerated population.
- BHDDH:** The FY2025 Budget has a net increase of \$3.6 million, which is a direct reflection of the agency request and represents their estimate for what overtime will actually be, driven primarily by hiring challenges at Eleanor Slater Hospital leading to a higher need for overtime by current staff to cover vacancies. Although the value is quite high, the agency cut expenses elsewhere in the budget to fund the high level so the value was considered acceptable.
- Department of Public Safety:** The FY2025 Budget includes a net increase of \$226,250 in all fund overtime expenditures, reflecting a total amount of \$12.0 million for the Department. Contractual overtime, which is provided to detectives, specialty unit members and adjudication members regardless of the hours worked, decreased by \$571,504 when compared to the enacted level. Standard overtime increased by \$797,754, most notably within the State Police program, which has been experiencing recruitment concerns.

The following chart illustrates the variances between the enacted and actual expenditures for overtime costs. The average variance is \$17.6 million over the FY2009 to FY2023 term of the chart.



STATE EMPLOYEE HEALTH INSURANCE RATES

The State has three different medical plan coverage to state employees (Anchor, Anchor Plus, and Anchor Choice) as well as three different dental plans and two vision plans.

Health Insurance Rates Annual Employer Cost per Employee

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	% Change
Individual	Actual	Actual	Actual	Actual	Actual	Actual	Actual*	Actual*	Actual*	Governor*	Governor*	FY25/FY24
Medical	\$7,525	\$7,358	\$7,601	\$8,363	\$8,432	\$7,503	\$7,576	\$8,163	\$8,368	\$8,885	\$9,406	5.9%
Dental	405	393	405	373	369	384	425	466	421	408	420	2.9%
Vision	60	57	79	57	57	57	62	81	65	64	66	3.1%
Total	\$7,990	\$7,808	\$8,085	\$8,793	\$8,858	\$7,944	\$8,063	\$8,710	\$8,854	\$9,357	\$9,892	5.7%
Family												
Medical	\$21,093	\$20,626	\$21,307	\$23,445	\$23,637	\$21,035	\$21,182	\$22,885	\$23,458	\$24,906	\$26,367	5.9%
Dental	1,132	1,100	1,133	963	955	994	1,101	1,208	1,088	1,056	1,087	2.9%
Vision	165	157	162	157	157	158	173	223	179	176	181	2.8%
Total	\$22,390	\$21,883	\$22,602	\$24,565	\$24,749	\$22,187	\$22,456	\$24,316	\$24,725	\$26,138	\$27,635	5.7%

Source: State Budget Office
 *Average of the 3 Anchor Plans

State Employee Health Plan Costs

The FY2025 proposed total employer expenditure for state employee health plan costs is \$245.4 million, of which, \$139.5 million is general revenue. This is \$25.4 million more than the FY2024 Budget as Enacted, and \$24.2 million more than the proposed in the FY2024 Supplemental Budget.

State Employee Health Plan Total Costs

Health Plan	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Enacted	FY2024 Governor	FY2025 Governor	FY25 to FY24 Change
Medical	\$162.3	\$174.7	\$170.1	\$164.9	\$158.9	\$162.9	\$165.1	\$188.7	\$208.8	\$210.5	\$234.2	\$25.4
Dental	9.6	8.4	7.9	8.0	8.5	8.9	8.5	8.1	9.6	9.2	9.6	0.0
Vision	1.3	1.3	1.3	1.3	1.3	1.3	1.6	1.2	1.5	1.5	1.5	(0.0)
Total	\$173.3	\$184.4	\$179.3	\$174.1	\$168.7	\$173.1	\$175.2	\$198.0	\$219.9	\$221.2	\$245.4	\$25.4

\$ in millions

State Employee Health Co-shares

Since 2005, state employees are required to pay a co-share for health insurance. The rate charged to each employee is based on a percent of premium cost and assessed by salary range. These rates increased between FY2010 and FY2012, and remained constant through 2018. As of January 1, 2019, the State now has three different medical plan coverages to state employees (Anchor, Anchor Plus, and Anchor Choice) as well as three different dental plans and two vision plans. Along with the new medical plans and health cost rates, there are new employee health insurance co-share rates that are illustrated in the following tables.

Family Plan Co-share per Pay Period - Salary Ranges

	Percent of Anchor Working Rates	Anchor				Anchor Dental		Anchor Dental		Anchor Vision	
		Anchor	Anchor Plus	Choice	Anchor Dental	Plus	Platinum	Vision	Vision Plus		
Below \$59,051	15%	\$150.36	\$160.88	\$149.27	\$6.15	\$11.15	\$18.19	\$1.03	\$3.98		
\$59,051 - \$113,516	20%	200.48	214.50	199.03	8.20	13.20	20.24	1.37	4.32		
Over \$113,516	25%	250.60	268.13	248.79	10.25	15.25	22.29	1.71	4.66		

Individual Plan Co-share per Pay Period- Salary Ranges

	Percent of Anchor Working Rates	Anchor				Anchor Dental		Anchor Dental		Anchor Vision	
		Anchor	Anchor Plus	Choice	Anchor Dental	Plus	Platinum	Vision	Vision Plus		
Less than \$113,516	20%	\$71.51	\$76.51	\$71.00	\$3.17	\$5.09	\$7.81	\$0.50	\$1.57		
Over \$113,516	25%	89.39	95.64	88.74	3.96	5.88	8.60	0.62	1.69		

Deductibles

The medical deductibles are: Anchor \$1,000/\$2,000, Anchor Plus \$500/\$1,000, and Anchor Choice \$1,500/\$3,000 for an in-network individual/ family plan. The out-of-network deductibles are: Anchor \$2,000/\$4,000, Anchor Plus \$1,000/\$2,000, and Anchor Choice \$2,250/\$4,500 for an individual/ family plan. The point of service co-payments are as follows:

Point of Service	5/1/2005			10/1/2008		7/1/2014		Anchor 2024		Anchor Plus 2024		Anchor Choice 2024	
	Primary Care	\$10	\$10	\$15	\$15	\$15	25 / 50	25 / 50	10% referred/30% without referral	coinsurance after deductible			
Specialist Visit	10	20	25	25	50	50	50	50	coinsurance after deductible				
Urgent Care	10	35	50	50	50	50	50	50	coinsurance after deductible				
Emergency Co-payment (waived if admitted)	25	100	125	150	125	125	125	125	coinsurance after deductible				

Pharmacy	Tier 1 generic		Tier 2 preferred brand		Tier 3 non-preferred brand		Tier 4 specialty	
	5	5	7	\$10	\$10	\$10 co-pay after deductible		
	12	20	25	35	35	\$35 co-pay after deductible		
	30	40	45	60	60	\$60 co-pay after deductible		
						100	100	\$100 co-pay after deductible

STATE EMPLOYEES AND TEACHERS ACTUARIAL VALUATION

Gabriel Roeder Smith and Company (GRS Retirement Consulting) performed the June 30, 2023, actuarial valuation analysis of the retirement system covering state employees and teachers, municipal employees, state police, and judges. The actuarial valuation impacts the employer contribution rates approved by the Board (certified) for FY2026. There is no impact to the FY2024 or FY2025 certified employer contribution rates. The GRS analysis reflects no changes in the assumptions for investment rate assumptions or inflation, but lowered the payroll growth. The assumed investment return remains 7.0 percent; assumed inflation is 2.5 percent, and payroll growth is lowered from 3.0 percent to 2.5 percent.

Employer Contribution Rates	FY2024 Certified	FY2025 Certified	FY2026 Certified	Change
State Employees	28.97%	28.54%	28.70%	0.16%
Teachers - State Share	11.13%	10.68%	10.35%	-0.33%
Teachers - Local Share	15.03%	14.44%	14.00%	-0.44%
Total Teachers	26.16%	25.12%	24.35%	(0.01)

Source: GRS June 30, 2023, Actuarial Valuation

Projected Employer Contribution	FY2024	FY2025	FY2026	Change
State Employees	\$234.3	\$238.0	\$248.8	\$10.8
Teachers - State	130.8	128.7	127.3	(1.4)
Total State Cost	\$365.1	\$366.7	\$376.1	\$9.4
Teachers - Local	\$176.7	\$173.9	\$172.2	(\$1.7)
Total State and Local Cost	\$541.8	\$540.6	\$548.3	\$7.7

Source: GRS June 30, 2023, Actuarial Valuation

\$ in millions

Active Employee to Retiree Ratio

According to GRS, the ratio of active employees to retirees remains flat but the number of retired state employees continues to exceed active employees in 2023. This trend translates into less available payroll to spread out the impacts of volatile markets, leading to increased employer contribution rates.

Membership																		
State Employees	1999	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Change
Active	13,369	11,970	11,023	11,122	11,233	11,166	11,280	11,301	11,194	11,083	11,152	10,988	11,318	11,198	10,803	10,820	10,959	139
Retired	9,067	10,396	11,142	11,421	11,271	11,200	11,139	11,103	11,041	11,058	11,078	11,250	11,224	11,215	11,373	11,365	11,328	-37
Active to Retiree Ratio	1.5	1.2	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.9	1.0	1.0	1.0	

Teachers																		
Teachers	1999	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Change
Active	13,282	13,999	13,689	13,530	13,381	13,212	13,193	13,266	13,272	13,206	13,310	13,473	13,511	13,474	13,372	13,537	13,554	17
Retired	6,043	9,337	9,749	10,213	10,347	10,622	10,776	10,838	10,902	11,087	11,211	11,144	11,196	11,274	11,398	11,521	11,595	74
Active to Retiree Ratio	2.2	1.5	1.4	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	

Source: GRS June 30, 2023, Actuarial Valuation

FUND VALUE

In 1999, the funded ratio of the system was over 80.0 percent. By 2010, the pre-RIRSA funded ratio was 48.4 percent for state employees and teachers. After passage of the pension reforms in 2011, the post-RIRSA funded ratio became 59.8 percent for state employees and 61.8 percent for teachers. It was projected that there would be a continued decrease in the funded rate after passage of RIRSA and then begin to increase. Passage of the pension settlement act in 2015 precipitated an increase in the Unfunded Actuarial Accrued Liability (UAAL) in 2016. The UAAL returned to the pre-settlement levels in 2020.

According to GRS, the June 30, 2023, funded ratio is 60.4 percent for state employees and 64.5 percent for teachers. For state employees, the unfunded actuarial accrued liability (UAAL) decreased from \$2,031.9 million to \$1,983.6 million and for teachers the UAAL decreased from \$2,735.2 million to \$2,511.0 million. The decrease in the UAAL for state employees is attributable to the fund exceeding the 7.0 percent assumed rate of return, based on 5-year smoothing (actual market ROR was 8.4 percent, and the return on the actuarial asset value was 7.7 percent).

ERSRI Fund Value History	State Employees	Chg	Teachers	Chg
1999	84.5%		82.1%	
2000	81.6%		80.6%	
2001	77.9%		77.4%	
2002	71.7%		73.2%	
2003	64.5%		64.2%	
2004	59.6%		59.3%	
2005	56.3%		55.4%	
2006	54.6%		52.7%	
2007	57.5%		55.4%	
2008	61.8%		60.3%	
2009	59.0%		58.1%	
2010	48.4%		48.4%	
2010*	59.8%		61.8%	
2011	57.4%		59.7%	
2012	56.3%		58.8%	
2013	56.5%		59.0%	
2014	56.1%		58.2%	
2015	56.6%		58.8%	
2016	56.0%		58.3%	
2017	52.9%		54.8%	
2018	52.9%		54.9%	
2019**	53.3%		55.3%	
2020	54.2%		56.2%	
2021	56.7%		58.7%	
2022	58.8%		61.5%	
2023	60.4%	0.1%	64.5%	1.6%
2024	62.3%	0.2%	66.3%	1.8%
2025	64.4%	0.4%	68.0%	1.9%
2026	69.5%	3.4%	69.8%	1.9%
2027	69.5%	0.2%	72.2%	1.9%
2028	72.8%	0.0%	74.8%	1.8%
2029	76.5%	0.6%	77.6%	2.2%
2030	80.5%	0.4%	80.6%	2.1%
2031	84.1%	0.4%	83.2%	1.4%
2032	87.9%	0.3%	86.0%	1.2%
2033	92.0%	n/a	89.0%	n/a

Source: GRS June 30, 2023, Actuarial Valuation

Date reflects valuation year

* Reflects post-RIRSA values

** After change of actuarial assumptions

SUMMARY OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

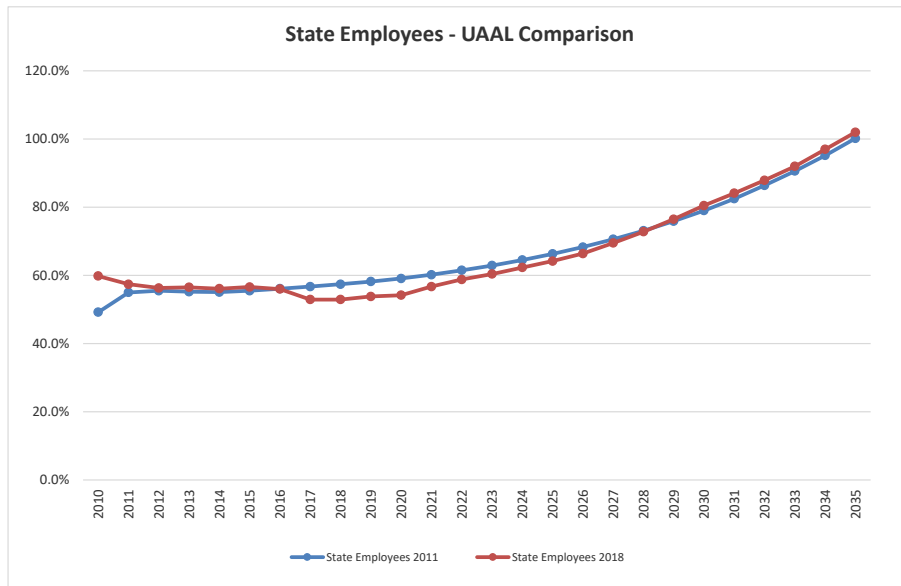
The Unfunded Actuarial Accrued Liability (UAAL) liability for state employees is \$1,983.6 million, reflecting a decrease of \$48.4 million from last year. The amortization payment for FY2024 is \$201.2 million and \$207.5 million in FY2025. The amortization payment for FY2026 is \$219.4 million. The following table illustrates the components of the UAAL payment over three fiscal years.

State Employees

Purpose	Remaining Balance as of June 30, 2023	FY2024 Amortization Payment	FY2025 Amortization Payment	FY2026 Amortization Payment	Amortization Years Remaining
Original 2011 RIRSA Base	1,602.4	168.9	173.9	182.8	10
2014 Experience Study	(44.6)	(4.4)	(4.6)	(4.8)	11
2014 Mediation Settlement	106.9	10.6	10.9	11.5	11
2015 Experience Base	(32.2)	(3.0)	(3.1)	(3.3)	12
2016 Experience Base	44.7	4.0	4.0	4.3	13
2017 Experience Base	16.9	1.4	1.5	1.6	14
2018 Experience Base	25.8	2.1	2.2	2.3	15
2019 Experience Base	7.8	0.6	0.6	0.7	16
2016 Assumption Change - FY20 Stagger	31.8	2.7	2.8	2.9	14
2016 Assumption Change - FY21 Stagger	73.1	6.2	6.4	6.7	14
2016 Assumption Change - FY22 Stagger	78.9	6.7	6.9	7.3	14
2016 Assumption Change - FY23 Stagger	85.3	7.2	7.4	7.9	14
2016 Assumption Change - FY24 Stagger	92.5	7.8	8.1	8.6	14
2020 New Assumptions - FY23 Stagger	(30.7)	(2.6)	(2.7)	(2.8)	14
2020 New Assumptions - FY24 Stagger	(33.3)	(2.8)	(2.9)	(3.0)	14
2020 Experience Base	20.2	1.5	1.6	1.7	17
2021 Experience Base	(78.3)	(5.7)	(5.8)	(6.2)	18
2022 Experience Base	4.3	-	0.3	0.4	19
2022 Assumption Change	(14.4)	-	-	(1.2)	20
New Experience Base - This Fiscal Year	26.5	-	-	2.2	20
UAAL	\$1,983.6	\$201.2	\$207.5	\$219.4	

Source: GRS 2023 Actuarial Valuation
 \$ in millions
 Totals may vary due to rounding.

The following charts compare the current June 30, 2023, actuarial valuation report for state employees and teachers produced by GRS to the valuation report issued by GRS on November 14, 2011, for the Rhode Island Retirement System Act (RIRSA of 2011).



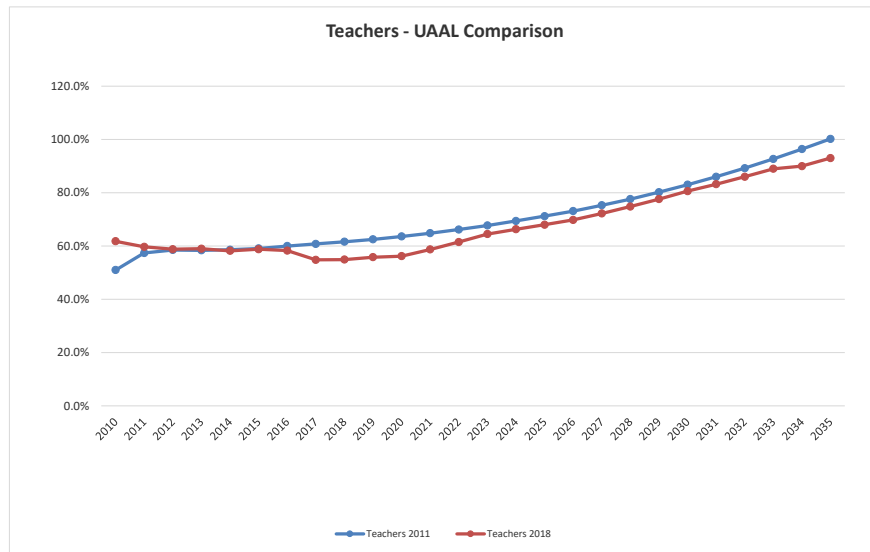
The Unfunded Actuarial Accrued Liability (UAAL) liability for teachers is \$2,511.1 million, reflecting a decrease of \$224.2 million from last year. The amortization payment for FY2024 is \$260.7 million and is \$2259.6 million in FY2025. The amortization payment for FY2026 is \$259.3 million. The following table illustrates the components of the UAAL payment over the next three fiscal years.

Purpose	Remaining Balance as of June 30, 2023	FY2024 Amortization Payment	FY2025 Amortization Payment	FY2026 Amortization Payment	Amortization Years Remaining
Original 2011 RIRSA Base - State	865.7	93.5	95.8	100.2	10
Original 2011 RIRSA Base - Local	1,446.6	126.6	129.8	136.8	14
2014 Experience Base - State	(14.7)	(1.5)	(1.5)	(1.6)	11
2014 Experience Base - Local	(23.6)	(2.1)	(2.1)	(2.2)	14
2014 Mediation Settlement - State	60.4	6.1	6.3	6.6	11
2014 Mediation Settlement - Local	96.6	8.5	8.7	9.1	14
2015 Experience Base	(46.6)	(4.5)	(4.6)	(4.8)	12
2016 Experience Base	31.3	2.9	2.9	3.1	13
2016 Assumption Change - FY20 Stagger	61.8	5.4	5.5	5.8	14
2016 Assumption Change - FY21 Stagger	94.3	8.3	8.5	8.9	14
2016 Assumption Change - FY22 Stagger	102.0	8.9	9.1	9.6	14
2016 Assumption Change - FY23 Stagger	110.6	9.7	9.9	10.5	14
2016 Assumption Change - FY24 Stagger	120.4	10.5	10.8	11.4	14
2017 Experience Base	65.2	5.7	5.8	6.1	14
2018 Experience Base	7.8	0.7	0.7	0.7	15
2019 Experience Base	(16.2)	(1.3)	(1.3)	(1.4)	16
2020 New Assumptions - FY23 Stagger	(40.3)	(3.5)	(3.6)	(3.8)	14
2020 New Assumptions - FY24 Stagger	(43.8)	(3.8)	(3.9)	(4.1)	14
2020 Experience Base	(0.1)	(0.0)	(0.0)	(0.0)	17
2021 Experience Base	(123.0)	(9.3)	(9.5)	(10.1)	18
2022 Experience Base	(93.4)	-	(7.5)	(8.0)	19
2022 Assumption Change Base	(100.3)	-	-	(9.0)	20
New Experience Base - This Fiscal Year	(49.6)	-	-	(4.4)	20
UAAL	\$2,511.1	\$260.7	\$259.6	\$259.3	

Source: GRS 2023 Actuarial Valuation

\$ in millions

Totals may vary due to rounding



10-YEAR PROJECTIONS

The following tables illustrate the 10-year projection of State Employee and Teacher fund value and contribution rates, providing all factors remain steady as projected in the June 30, 2023, valuation. At present, the fund value for state employees will reach 80.0 percent in FY2031.

The amounts and ratios will change when alterations occur regarding actual investment returns and actual payroll costs are re-examined in the actuarial valuation each year.

State Employees

Fiscal Year	UAAL	Funded Ratio	Contribution Rate	Actuarial		Employer Contribution	Employee Contribution	Benefit Payments	Net Cash Flow
				Value of Fund	Payroll				
2024	1,983.6	60.4%	28.97%	3,021.5	825.2	239.1	40.4	361.4	(81.9)
2025	1,909.0	62.3%	28.54%	3,148.3	845.8	241.4	40.3	371.9	(90.2)
2026	1,822.6	64.2%	28.70%	3,275.3	867.0	248.8	40.4	379.4	(90.2)
2027	1,723.2	66.4%	28.43%	3,411.3	888.7	252.6	40.6	386.5	(93.3)
2028	1,562.5	69.5%	28.26%	3,553.6	910.9	257.4	41.0	389.8	(91.4)
2029	1,385.5	72.8%	28.17%	3,707.7	933.7	263.0	41.4	392.1	(87.7)
2030	1,190.2	76.5%	27.66%	3,876.6	957.0	264.7	42.0	394.3	(87.6)
2031	979.7	80.5%	27.16%	4,057.3	980.9	266.4	42.6	396.1	(87.1)
2032	802.4	84.1%	26.68%	4,251.2	1,005.4	268.3	43.4	402.8	(91.1)
2033	611.0	87.9%	26.22%	4,454.4	1,030.6	270.2	44.2	408.1	(93.7)
2034	404.5	92.0%	26.18%	4,669.4	1,056.3	276.5	45.2	412.1	(90.4)

Source: GRS 2023 Actuarial Valuation

\$ in millions

Totals may vary due to rounding.

Teachers

Fiscal Year	UAAL	Funded Ratio	Contribution Rate	Actuarial		Employer Contribution	Employee Contribution	Benefit Payments	Net Cash Flow
				Value of Fund	Payroll				
2024	2,511.0	64.5%	26.16%	4,562.4	1,182.1	309.2	49.9	500.9	(141.8)
2025	2,412.1	66.3%	25.12%	4,735.2	1,205.7	302.9	50.1	506.2	(153.2)
2026	2,308.3	68.0%	24.35%	4,908.1	1,229.8	299.5	50.2	510.5	(160.8)
2027	2,201.7	69.8%	24.19%	5,085.2	1,254.4	303.4	50.4	514.9	(161.1)
2028	2,034.1	72.2%	24.03%	5,274.5	1,279.5	307.5	50.7	518.0	(159.8)
2029	1,850.2	74.8%	23.93%	5,478.4	1,305.1	312.3	51.1	520.6	(157.2)
2030	1,648.3	77.6%	23.51%	5,699.3	1,331.2	313.0	51.5	523.2	(158.7)
2031	1,431.3	80.6%	23.11%	5,934.2	1,357.8	313.8	52.2	525.6	(159.6)
2032	1,246.4	83.2%	22.72%	6,184.4	1,385.0	314.7	52.9	534.2	(166.6)
2033	1,047.2	86.0%	22.34%	6,444.9	1,412.7	315.6	53.7	542.9	(173.6)
2034	833.0	89.0%	22.28%	6,716.5	1,440.9	321.0	54.5	551.6	(176.1)

Source: GRS 2023 Actuarial Valuation

\$ in millions

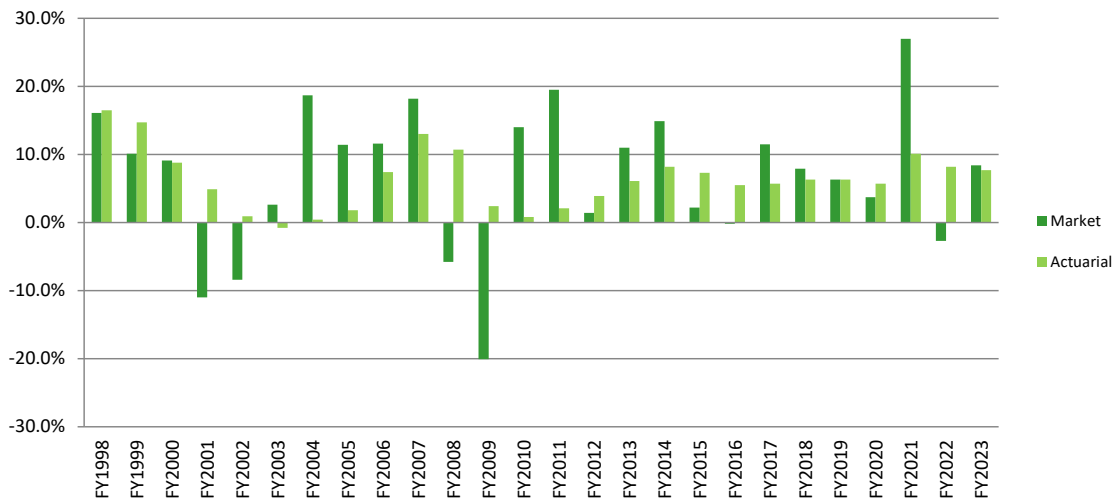
Totals may vary due to rounding.

The projected UAAL continues to decrease after FY2024.

RETURN ON INVESTMENTS

The market rate on the return on investments was 8.4 percent in FY2023. The actuarial rate of return was 7.7 percent based on a 5-year average smoothing rate.

25-year Return on Investments



GRS Actuarial Summation

- The FY2026 projected employer contribution costs are \$5.0 million lower than previous projections.
- The 2023 market investment return was 8.4 percent and the actuarial investment performance was 7.7 percent.
- The cost of living adjustments (COLA) limit for members retiring after July 1, 2015, for 2024 is \$29,776 and the rate increases by 2.84 percent to \$30,622 in 2025. In 2023, the limit was \$28,878.
- By June 30, 2031, the state employee plan is projected to be 80.5 percent funded and the teacher plan is expected to be 80.6 percent funded. An interim COLA of 2.84 percent was scheduled to occur in CY2024. Interim COLAs were granted to all units and plans every fourth year following the fourth consecutive year of the UAAL average being below 80.0 percent.
- Effective January 1, 2024, a new annual fractional COLA adjustment equal to 25.0 percent of the COLA declared in the plan year for retired state employees. In addition, the article strikes the provision that establishes an interim COLA given to retirees every four years based on investment performance and inflation, until the funded ratio exceeds 80.0 percent. Members who retired before July 1, 2015, who are in units that are less than 80.0 percent funded, shall receive a COLA of .71 percent on the first \$35,731 in CY2024, roughly equivalent to \$0.69 per day.
- Once the plans reach in aggregate, the 80.0 percent funded value, the COLA base cap rate for the pre-July 1, 2015, retirees, will revert to the lower COLA base cap rate as the post-July 1, 2015, retirees.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM ACTUARIAL VALUATION

GRS presented the June 30, 2023, actuarial valuation analysis of the retirement system covering municipal employees. The actuarial valuation impacts the employer contribution rates approved by the Board (certified) for FY2026. There are 129 units participating in MERS, of which 74 units cover municipal general employees and 55 units cover police and fire employees. The GRS analysis indicates that over the past year, there were five new legacy units joining MERS in 2023. There were no closed units, and no merged unit changes. Also, there were no new COLA elections in the units participating under the Municipal Employees' Retirement System (MERS). For MERS, the 2023 UAAL for all units, excluding the legacy units, is \$286.0 million, compared to last year's figure of \$298.0 million, a decrease of \$12.0 million. The funded ratio for all MERS continued to improve and is 87.8 percent, as compared to 85.9 percent last year.

General Membership	30-Jun-22	30-Jun-23	Change
Active	5,934	6,232	298
Inactive	3,874	4,312	438
Service Retirees	4,314	4,583	269
Disabled Retirees	261	279	18
Beneficiaries and Spouses	538	577	39
Total	14,921	15,983	1,062
Police/Fire Membership	30-Jun-22	30-Jun-23	Change
Active	1,812	1,929	117
Inactive	306	382	76
Service Retirees	679	787	108
Disabled Retirees	242	302	60
Beneficiaries and Spouses	182	227	45
Total	3,221	3,627	406

Source: GRS Actuarial Valuation June 30, 2023

The average employer contribution rate for general employees is 10.99 percent and for police and fire personnel, the average employer contribution rate is 18.04. This is a decrease from the June 30, 2022, valuation that listed the average employer contribution rate for general employees was 11.24 percent and for police and fire personnel, the average employer contribution rate was 18.64.

GRS Actuarial Summation

According to the actuary, 100 units possess a funding ratio exceeding 80.0 percent, an increase of 8 units from last year and 39 units have a funding ratio over 100.0 percent, a decrease of 3 units from last year.

JUDICIAL RETIREMENT BENEFITS TRUST

GRS presented the June 30, 2023, actuarial valuation analysis of the retirement system covering judges. The actuarial valuation impacts the employer contribution rates approved by the Board (certified) for FY2026. There is no impact to the previously certified FY2025 employer contribution rate. The analysis does not include benefits for state judges hired before January 1, 1990, as they are funded on a pay-as-you-go basis from the State's general assets. A separate valuation is performed for these active and retired judges.

Certified Employer Contribution Rates	FY2025 Certified	FY2026 Certified	
Judges	18.20%	17.75%	
Membership	30-Jun-22	30-Jun-23	Change
Active	60	60	0
Retiree and Beneficiaries	31	36	5
Inactive	1	1	0
Total	92	97	5
Projected Payroll for Contributions	\$12.0	\$12.4	\$0.4
Unfunded Liability	(\$3.8)	(\$2.3)	\$1.4
GASB Funded Ratio	104.0%	102.3%	-1.7%

Source: GRS June 30, 2023, Actuarial Valuation

STATE POLICE RETIREMENT BENEFIT TRUST

GRS presented the June 30, 2023, actuarial valuation summary regarding the retirement systems covering the State Police. The actuarial valuation impacts the employer contribution rates certified by the Board for FY2026. The analysis reflects all recent pension changes enacted since 2008, but does not include benefits for State Police hired before July 1, 1987, as they are funded on a pay-as-you-go basis from annual general revenue appropriations. The GRS analysis decreased the employer contribution rates reflecting market gains.

		FY2025	FY2026
Certified Employer Contribution Rates		Certified	Certified
State Police		19.65%	22.98%
Membership		30-Jun-22	30-Jun-23
Active		267	238
Retiree and Beneficiaries		102	116
Inactive		62	73
Total		431	427
			Change
			(29)
			14
			11
			(4)
Projected Payroll for Contributions	\$26.4	\$29.7	\$3.3
Unfunded Liability	\$20.9	\$34.3	\$13.4
GASB Funded Ratio	90.0%	85.5%	-4.5%

Source: GRS June 30, 2023, Actuarial Valuation

TEACHER SURVIVOR BENEFIT PLAN

GRS presented the June 30, 2023, actuarial valuation summary regarding the retirement systems covering the Teacher Survivor Benefit Plan (TSBP). The TSBP provides survivor benefits for teachers who do not participate in Social Security. Participation is mandatory for all eligible teachers within the 24 school districts that are not covered by Social Security (see table). The annual contribution is 2.0 percent of salary, up to \$230 per year. The contribution is split equally between the member and the employer, i.e. each contributing \$115 per year.

Membership	30-Jun-22	30-Jun-23	Change
Active	7,328	7,387	59
Retirees and Beneficiaries	3,199	3,222	23
Survivors	600	616	16
Inactive nonretired vested	801	874	73
Inactive nonretired nonvested	1,281	1,293	12
Total	13,209	13,392	183
Unfunded Liability	(\$176.2)	(\$191.5)	(\$15.3)
GASB Funded Ratio	178.0%	182.0%	4.0%

Source: GRS Actuarial Valuation June 30, 2023

Because the asset value for the TSBP is at 182.0 percent, exceeding the Plan's value of benefits, current member and employer contribution are sufficient; the Plan does not have an Annual Required Contribution (ARC) incurred by the employer.

School Districts Not Covered by Social Security

Barrington	Johnston
Bristol/Warren	Lincoln
Burrillville	Little Compton
Central Falls Collaborative	Middletown
Coventry	Newport
Cranston	North Smithfield
Cumberland	Northern RI Collaborative
East Greenwich	Portsmouth
East Providence	Scituate
Foster	Smithfield
Foster-Glocester	Tiverton
Glocester	Westerly

Revenue

The Governor's FY2025 Budget increases net general revenue collections by an estimated \$21.1 million over the November 2023 revenue estimate. New revenue initiatives include a package of tax collection improvement measures, a new tax on e-cigarettes and an increase in the cigarette tax, several tax relief measures including an increased pension income exemption and deductions for cannabis businesses, and the elimination of certain fees.

Governor's Recommended Revenue Initiatives	
Proactive Tax Collection Initiatives	\$10.4
Cigarettes and E-Cigarettes Tax Initiatives	7.7
Personal Income and Business Tax Changes	1.9
Impact of EOHHS Initiatives	1.0
Fee Changes	(0.0)
Total	\$21.1

\$ in millions

Proactive Tax Collection Initiatives

\$10.4 million

The Budget reflects a \$10.4 million increase in revenue based on the implementation of several strategies recommended by the Governor intended to increase the successful collection of outstanding tax liabilities.

Initiative	Impact	
	Rev.	Expend.
Increased Staffing/Overtime	\$5.0	\$0.3
Delinquent Taxpayer List	3.4	-
Technology Improvements	1.5	0.3
Out-of-State Attorneys	0.5	0.3
Total	\$10.4	\$0.8

\$ in millions

- Increased Staffing/Overtime:** The Governor recommends increasing staff and overtime related to collections. The Budget includes funding for 3.0 new Taxpayer Assistance Representatives FTE positions and increased overtime within the Division of Taxation. The new staff and work hours will support proactive collections activity. The Budget includes an increase of \$269,304 for these personnel costs and assumes \$5.0 million in new revenue collections across multiple tax types. According to the Office of Revenue Analysis (ORA) the estimated revenue is based on the Division of Taxation's experience with past collection rates by Taxation staff.
- Delinquent Taxpayer List:** The Governor proposes to expand the criteria used by the Division of Taxation when identifying which delinquent taxpayers to 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, of whom there were approximately 1,300 taxpayers at the time of the budget formulation.

Current law permits the State's Tax Administrator to publicly identify up to 100 taxpayers with the largest outstanding state business tax liabilities and whose cases are not on appeal. The Tax Administrator is also permitted to do the same for delinquent personal income taxes. The lists are permitted to include the name and address of the taxpayer, the type of tax owed, the amount of the delinquency, including interest and penalty, as of the end of the most recent quarter. Thirty days prior to publicly posting the delinquency, the Tax Administrator is required to send the taxpayer a formal notice by certified mail. If the taxpayer makes satisfactory arrangements to for payment within the thirty days, the name is not published.

The lists are required to be made available to the public, including via the Division of Taxation's website. The outstanding amounts on the current lists ([top-100-business-tax-delinquents](#); [top-100-income-tax-delinquents](#)) range from \$195,727 to \$6.3 million for business taxes and \$110,659 to \$3.1 million for personal income taxes. The Division of Taxation collects an average of \$2.5 million per year from those on the list.

Article 6 permits the Tax Administrator to publicly publish a list of all delinquent taxpayers that owe amounts of \$50,000 and over. The existing actions and procedures required of the Tax Administrator related to the lists remain unchanged and apply to the expanded delinquencies. According to the Office of Management and Budget, this change is part of a package of budget. The expansion of the delinquent taxpayer lists is estimated by ORA to generate \$3.4 million in FY2025 and \$3.5 million in FY2026 based on the July 1, 2024, implementation date.

- **Technology Improvements:** The Governor also recommends procuring additional collections-related services. The Division of Taxation utilizes data from contracted technology services to augment its collections capacity. The Governor recommends \$250,000 to procure more of these services and assumes \$1.5 million in new revenue collections across multiple tax types in FY2025, and increasing by \$44,096 in FY2026. According to the ORA, the estimated revenue is based on the Division of Taxation's experience with past vendor performance.
- **Out-of-State Attorneys:** The Governor also recommends hiring attorneys in other states to assist Taxation with collections from nonresidents that have Rhode Island tax liabilities. The Budget includes \$250,000 to fund these contracted services and assumes \$500,000 in additional revenue, the latter increasing to \$686,265 in FY2026. This estimate assumes that collections activities begin around October 1, 2024, once the Division is able to procure the services of this lawyers. It is also generally based on the level of tax debt owed by nonresidents historically.

Cigarette and E-Cigarette Tax Initiatives

\$7.7 million

The Budget reflects an increase of \$7.7 million in revenue related to several tax changes related to cigarettes and e-cigarettes.

Initiative	Impact
E-Cigarette Tax	\$5.3
Cigarette Tax Increase	\$2.4
Total	\$7.7

\$ in millions

- **E-Cigarettes Tax:** The Governor recommends a new tax on electronic nicotine delivery system (ENDS) products, also known as e-cigarettes. Article 6 sets the tax at the "other tobacco products" (OTP) rate of 80.0 percent of the wholesale cost. It also imposes a tax on existing inventory of ENDS products held by dealers, distributors, manufacturers, and importers. The floor tax rate is set at 80.0 percent of the wholesale cost and the article provides for a floor tax filing and collection process. It also establishes a licensing, enforcement, and collection regime within the Division of Taxation. All of these changes take effect on October 1, 2024. Based on this, Rhode Island would have the fourth highest rate in the country and the second highest in New England.

State	% of WS Cost	Volume
VT	92.0%	N/A
RI	80.0%	N/A
MA	75.0%	N/A
ME	43.0%	N/A
CT	10.0%	\$0.40/mL
NH	8.0%	\$0.30/mL

ORA estimates that the new tax will generate \$5.3 million in FY2025, including \$486,814 from inventory floor tax, based on an October 1, 2025, start date. This grows to \$6.4 million for a full year of collections in FY2026. ORA used collections data from the Massachusetts wholesale taxation of ENDS products and Pennsylvania's floor tax implementation to derive the estimates.

- Cigarette Tax Increase:** The Governor recommends increasing the tax on cigarettes. Currently, cigarettes are taxed at \$4.25 per pack of twenty. Floor stock is also taxed at the same rate. Article 6 of the Budget raises the per pack excise by \$0.25 to \$4.50, to the equivalent of \$0.23 per cigarette. According to ORA, the total retail price would increase by \$0.30, from \$12.91 to \$13.21 per individual pack. According to the Department of Revenue (DOR), this amount is \$0.63 more than the average total retail price in Massachusetts, and \$0.81 per pack above Connecticut.

Impact of Cigarette Excise Increase and Regional State Comparison

	Rhode Island		Massachusetts	Connecticut
	Previous	Proposed		
Base Price per Pack in \$	\$6.83	\$6.83	\$5.71	\$5.79
Excise Tax in \$	4.25	4.50	3.51	4.35
<i>Subtotal base price + Excise</i>	11.08	11.33	9.22	10.14
Wholesale / Retail Markup	0.99	1.01	2.62	1.52
<i>Total Base Cost</i>	\$12.07	12.34	11.84	11.66
Sales Tax	0.84	0.86	0.74	0.74
Total Price per Pack	\$12.91	\$13.21	\$12.58	\$12.40

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.

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. In determining the revenue estimate, ORA takes into consideration the elasticity of the price of cigarettes. The \$0.25 excise tax increase amounts to a 5.9 percent tax increase. Applying elasticity from decreased demand as calculated from previous tax increases results in a net estimated revenue increase of 2.2 percent. Although FY2026 estimates represent a full-year of implementation, revenue nonetheless decreases to \$1.9 million in FY2026 based on a negative growth rate of 7.3 percent related to diminishing national smoking trends.

Revenue Item	FY2025
Cigarette Excise Tax	\$1.9
Cigarette Floor Tax	0.7
Sales and Use Tax	(0.2)
Total	\$2.4

\$ in millions

Source: Office of Revenue Analysis

Personal Income and Business Tax Changes

\$1.9 million

The Budget includes a net \$1.9 million increase related to revenue changes associated with the following changes to personal income and business taxes.

Initiative	Impact
Pass-Through Entity Tax Credit	\$8.1
Pension Modification Increase	(3.0)
Corporate Minimum Tax Reduction	(2.3)
Cannabis Tax Changes	(0.8)
Total	\$1.9

\$ in millions

- Pass-Through Entity Tax Credit:** The Governor recommends reducing the amount of the tax credit pass-through entity owners may use on their personal income tax filing from 100.0 percent of their pro rata share of the state tax paid at the entity level to 90.0 percent. This change is estimated to increase revenue by \$8.1 million based on a January 1, 2025, start date. ORA used past pass-through entity behavior in Rhode Island to determine a credit usage estimate and then used this assumption along November 2023 Revenue Estimating Conference estimates to arrive at a fiscal impact estimate.

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.

Starting in TY2019, Rhode Island began permitting partners of pass-through entities to file returns at the entity level at the highest personal income tax rate (5.99 percent) and 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. These changes were made as part of Rhode Island coming into conformity with the federal Tax Cuts and Jobs Act in 2018.

Analyst Note: An example of how this proposal would affect a hypothetical taxpayer is provided in the Article 6 section of this report.

- Pension Modification Increase:** The Governor recommends increasing the maximum modification for pension and annuity income. Article 6 allows taxpayers to exempt up to \$50,000 of pension and annuity income (\$100,000 for joint filers) from their taxable income for the purpose of determining their state personal income tax liability. This change does not apply to Social Security income.

The State currently 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

This change is anticipated to reduce FY2025 revenue by \$3.0 million based on a January 1, 2025, start date, and \$6.2 million in FY2026. 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.

- Corporate Minimum Tax Reduction:** The Governor recommends reducing the minimum business corporation tax from \$400 to \$350 for tax years beginning on or after January 1, 2025. This change is estimated to reduce FY2025 collections by \$2.3 million based on a January 1, 2025, start date. This increases to \$4.7 million in FY2026.

In Rhode Island, corporations are required to remit taxes on 7.0 percent of net income or the \$400 minimum business corporation tax, whichever is greater. The November 2023 estimates for this tax are \$310.9 million and \$314.3 million in FY2024 and FY2025, respectively.

Rhode Island currently has the lowest corporate income tax rate in New England and the second highest minimum tax of those states that collect one. The General Assembly most recently reduced the minimum tax in 2016 (by \$50). According to the Division of Taxation, there were 76,976 taxpayers that paid the current \$400 minimum tax in tax year 2022 (the most recent audited data).

Business Class	TY2022 Min. Filers
S-Corporation	27,927
L.L. C.	22,363
S.M.L.L.C.	13,108
C-Corporation	7,598
L.P.	3,798
Undeclared	1,594
L.L.P.	588
Total	76,976

Source: Taxation, November 2023 REC

Cannabis Tax Changes: The Governor recommends allowing state-licensed cannabis businesses to make certain deductions from their federal income for purposes of determining state tax liability. Article 6 permits state-licensed, cannabis-related businesses to deduct ordinary business expenses from their federal adjusted gross income for purposes of determining their state tax liability.

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 the State, with another 24 retail licenses becoming available in FY2025. Retail sales at the Compassion Centers totaled \$10.2 million in December 2023 (most recent report).

Cannabis remains illegal at the federal level and the U.S. Internal Revenue Code does not allow deductions for businesses “trafficking in controlled substances”. Typically, businesses are allowed to deduct all “ordinary and necessary” expenses that are required to operate from their federal taxable income. Most states, including Rhode Island, use 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.

Allowing these businesses to deduct expenses from their AG is anticipated to reduce revenue by \$824,642 in FY2025 based on a January 1, 2025, start date and \$1.7 million in FY2026. ORA used data from Colorado, the first state to legalize cannabis and allow deductions, to calculate an average percentage that ordinary business expenses make up of retail sales. This was then adjusted to the Rhode Island market and details of the proposal to arrive at an estimate.

Impact of EOHHS Initiatives

\$1.0 million

The Budget includes a net \$1.0 million increase related to revenue changes associated with certain EOHHS initiatives. These initiatives and their impact are summarized in the table below. Details on these proposals are elaborated on in the agency expenditure and article sections of this report.

Initiative	Impact
Nursing Facilities SFRF Funding Shift	\$0.6
Hospital Licensing Fee	0.5
OHIC Rate Review	0.3
CCBHC Delay	(0.2)
Income Verification Technology	(0.2)
Rlte Share Staffing	(0.0)
Total	\$1.0

\$ in millions

- **Nursing Facilities SFRF Funding Shift:** The Governor recommends repurposing \$10.0 million in American Rescue Plan Act, State Fiscal Recovery Funding in FY2025 to provide relief to nursing home facilities until new reimbursement rates are determined by the current rate review process being

conducted by the Office of the Health Insurance Commissioner (OHIC). The additional funding will increase gross patient revenue of the facilities, upon which the State levies a 5.5 percent healthcare provider tax. The initiative is anticipated to increase healthcare provider tax collections by \$550,000 in FY2025.

- **Hospital License Fee:** The Governor recommends several technical amendments to the provider tax which the State levies on hospitals. Known as the hospital licensing fee (HLF), it is federally capped at 6.0 percent and requires annual legislative action in order to continue. It is calculated as a percent of gross patient services revenues. Article 9 removes outdated language and authorizes the HLF for FY2025. The base year for the licensing fee levied in FY2024 and FY2025 is FY2022. In addition, the article aligns the HLF for state-owned hospitals with that of non-government owned hospitals imposing the fee in FY2025 and uses the same base year of FY2022 when determining the revenues. This change increases the revenue estimate for both FY2024 and FY2025 by \$493,834. The HLF is estimated to generate \$212.4 million in FY2024 and \$212.9 million in FY2025.
- **OHIC Rate Review:** The Budget includes \$22.2 million in additional general revenue (\$56.0 million all funds) for the Executive Office of Health and Human Services (EOHHS) to implement the recommendations of the OHIC Commissioner's review of reimbursement rate levels for social and human services. Among those entities that will be impacted by this initiative are health maintenance organizations, who pay a 2.0 tax on their gross premiums. The increased rates will raise premium revenue which in turn are estimated to increase health maintenance organizations tax collections by \$302,603 in FY2025.
- **CCBHC Delay:** The Governor's FY2025 Budget and FY2024 Supplemental Budget assume both revenue and expenditure fiscal impacts associated with policy changes related to Certified Community Behavioral Health Clinics (CCBHC). CCBHC is a public health model designed to ensure access to coordinated comprehensive behavioral health care through specially-designated clinics that provide a comprehensive range of mental health and substance-use-disorder services. The Budget assumes a delay in the implementation of CCBHCs into FY2025 (originally part of FY2024), includes funding for a new FTE position responsible for maximizing third-party liability recovery for CCBHCs, and a revised inflation. CCBHCs are subject to the health maintenance organization tax based on 2.0 percent of premium revenue. The changes described above are estimated to decrease tax revenue by \$173,947 in FY2025 and \$46,200 in FY2024.
- **Income Verification Technology:** The Governor's FY2025 Budget includes a \$1.4 million (\$5.6 million all funds) Medical Assistance savings in EOHHS related to anticipated improvements and outcomes of the income verification process for Medicaid benefits. The Governor recommends the integration of a new payroll verification technology, known as The Work Number (TWN), into the State's various Medicaid-related programs. It is assumed that the new technology will improve the accuracy of eligibility processing, resulting in a decrease of Medicaid members by 5,900. This will impact organizations that are subject to the health maintenance organizations tax by reducing total premiums. This is estimated to reduce collections by \$151,947 in FY2025.
- **Rite Share Staffing:** The Governor recommends 5.0 new FTE positions in the EOHHS to help reduce Medical Assistance costs related to Rite Share. The program requires Medicaid eligible families and individuals who work and have access to employer-sponsored insurance (ESI) to enroll in the ESI. Through a public/private partnership with employers, the State pays the Medicaid member the amount that is deducted from their paycheck, and provides Medicaid FFS wrap around coverage for coinsurance, deductibles, and other costs. EOHHS is shifting the work of three contract employees to 3.0 new FTE positions and adding another 2.0. EOHHS argues that this arrangement will be more proactive in enrolling eligible clients and develop greater consistency and longevity in program staff. This will result in savings as the State will cover the premiums for ESI rather than the costlier managed

care rates. The savings to Medical Assistance is estimated to be \$569,151 in FY2025 and will suppress health maintenance organizations premiums, and in turn lower collections by \$25,865.

Fee Changes

(\$44,375)

The Governor recommends the elimination of various fees impacting individuals and business. These are summarized in the following table:

Initiative	Impact
Real Estate Duplicate License Fee	(\$20,000)
Tent Inspection Fee	(9,375)
Sales Tax Exemption Fee	(7,000)
Liquor Manufacturers Duplicate License Fee	(6,000)
Vessel Discharge Decal Elimination	(2,000)
Total	(\$44,375)

- **Real Estate Duplicate License Fee:** Real estate salespersons are state-licensed professionals that assist clients in buying, selling, or renting properties. Licensed salespersons are prohibited from working independently. They are required to be employed by or be an independent contractor formally associated with a licensed real estate broker. DBR requires salespersons to pay a fee of \$25 any time their broker affiliation and any time it changes. Article 6 eliminates the fee. ORA provides an estimate of a \$20,000 loss of revenue beginning in FY2025.
- **Tent Inspection Fee:** The use of outdoor event tents on state-controlled property such as state parks, beaches, campgrounds, etc. are subject to the State Building Code. In particular, users of these large temporary tent installations must pull a State building permit and pay a \$50 fee each time the tent is used. The tents are also required to be certified by the State Fire Marshal for safety each time they are used and are subject to a \$75 inspection fee. Article 6 eliminates the fees. According to DBR 135 tent permits were pulled in 2023. Based on this and a January 1, 2025, start date, ORA estimates a \$9,375 revenue loss in FY2025 and \$18,750 loss in FY2026.
- **Sales Tax Exemption Fee:** Qualified tax-exempt organizations must to apply to the Division of Taxation for a Sales Tax Exemption Certificate. The certificate is valid for four years and require a \$25 application fee. Article 6 eliminates the application for the Sales Tax Exemption Certificate. ORA estimates a \$7,000 revenue loss in FY2025 and a \$14,000 loss in FY2026 based on a January 1, 2025, implementation date.
- **Liquor Manufacture Duplicate License Fee:** Firms operating a brewery, distillery, or winery must obtain liquor manufacturing license from the DBR. The license fee structure is summarized in the table. Article 6 eliminates the fee requirement for an additional manufacturing license type when a holder of one type expands production to include another type on same premises (a licensed distillery wishes to brew beer as well). The ORA estimates that this change will result in a \$6,000 revenue loss in FY2025 based on a July 1, 2025, effective date.

Manufacture License Fees		
License	≤ 50K Gal.	> 50K Gal.
Brewery	\$500	\$500
Winery	500	1,500
Distillery	500	3,000
- **Vessel Discharge Decal Elimination:** Vessels with a permanent marine toilet that operate in Rhode Island waters for more 30 days are required to obtain an inspection from a Department of Environmental Management (DEM) authorized Certified Agent and a No Discharge Certificate Decal. A fee of \$10 to be collected by the certified agent and forwarded to DEM is required. The agent is also permitted to charge up to \$25 for the inspection. Article 6 eliminates the decal, inspection, and fee requirements. The ORA estimates that these changes would result in a revenue loss of \$2,000 in FY2025.
- **Estate Tax Filing Fee:** Rhode Island levies a tax, subject to various credits and applied rates, on the transfer of a decedent’s estate. A \$50 fee is required when filing an estate for transfer. This fee is levied

on all estates, regardless of whether they amount to enough to trigger the State's estate tax. Article 6 eliminates the \$50 filing fee for deaths that occur on or after January 1, 2025. The ORA estimates that this change will reduce revenue in FY2026 by \$230,000.

- **Vital Records Revenue:** Fees and surcharges collected by the Department of Health (RIDOH) for processing vital records requests are required by statute to be deposited into the Information Technology Initiatives Fund. This requirement is similar to ones for other agencies that utilize major IT systems to conduct business. The original intent for this requirement is that surcharges related to services supported by these systems would be used to maintain and upgrade them over time. Article 6 shifts the surcharge revenue from the ITIF to the general fund.

FY2024 SUPPLEMENTAL CHANGES

The Budget includes a \$4.8 million increase in revenues above the November 2023 revenue estimate. Initiatives impacting FY2024 revenue are summarized below.

Governor's Recommended Revenue Initiatives	
Transfers	\$4.4
EOHHS Initiatives	0.4
Total	\$4.8

\$ in millions

Transfers

\$4.4 million

The Governor recommends transferring \$2.4 million from the Municipal Infrastructure Matching Pool fund at the Rhode Island Infrastructure Bank and \$2.0 million from the Underground Storage Tank Fund, managed by the Department of Environmental Management, to the general fund in FY2024.

- **Department of Environmental Management - Underground Storage Tank Trust Fund:** Rhode Island has 1,787 registered and active underground storage tanks, all of which pose a potential environmental threat if leakage should occur. The Underground Storage Tank (UST) Clean-up Fund was created in 1994 to provide an effective mechanism for USTs owners to comply with financial responsibility requirements and to ensure that the environmental and public health impacts of UST leaks are addressed in an effective and timely manner.

UST	Current Balance							FY2024 (as of 1.23.2024)	AVERAGE FY2018 to FY2023
	(1.23.2024)	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023		
	\$7,088,797								
Expenditures	\$1,584,417	\$1,034,157	\$913,690	\$756,260	\$804,406	\$882,077	\$194,883	\$995,834	
Receipts	1,974,677	2,108,431	1,830,778	1,767,545	1,838,247	1,331,015	426,726	1,808,449	
<i>difference</i>	<i>\$390,260</i>	<i>\$1,074,275</i>	<i>\$917,088</i>	<i>\$1,011,285</i>	<i>\$1,033,842</i>	<i>\$448,938</i>	<i>\$231,843</i>	<i>\$812,614</i>	

Source: RIDEM

- **RIIB Municipal Infrastructure Matching Pool Program Transfer:** 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. 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 and applications for the grants need to take place during FY2023.

According to the Office of Management and Budget, the \$2.4 million transfer represents the excess balance remaining in the matching pool.

EOHHS Initiatives

\$447,634

The Governor recommends two revenue items related health and human services that result in a net increase of \$447,634 in FY2024. The first is an adjustment to the hospital license fee that increases revenue by \$493,834. The Governor also adjusts revenue down by \$46,200 based on a delay in the implementation of the certified community behavioral health clinic initiative.

Municipal Aid

The Governor recommends essentially level funding 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 Enacted	FY2024 Governor	Change from Enacted		FY2025 Governor	Change from Enacted	
Payment in Lieu of Taxes	\$49.2	\$49.2	-	-	\$49.2	-	-
Distressed Communities	12.4	12.4	-	-	12.4	-	-
Motor Vehicle Excise Tax	234.7	234.7	-	-	234.7	-	-
Tangible Tax Reimbursement	28.0	-	(28.0)	-100%	28.0	-	-
State Aid to Libraries							
Grant-in-Aid	11.5	11.5	-	-	11.5	-	-
Library Construction	2.1	2.1	-	-	2.2	0.1	4.8%
Total Direct Aid	\$337.9	\$309.9	(\$28.0)	-8.3%	\$338.0	\$0.1	0.0%
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%	\$407.1	\$3.3	0.8%

\$ 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 Governor's recommendation for the program for represents 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	Governor	
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.

Analyst Note: Article 6 of the Budget eliminates the annual sales tax growth adjustment that is provided to municipalities as part of the Motor Vehicle Excise Tax State Aid program. This is estimated to reduce reimbursements by \$7.7 million in FY2026.

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

The following table shows relative data on the tangible property and the impact of the Article 4 changes by municipality.

Municipality	FY2023 Statewide Tangible Tax Levy Current Law*			Article 4 Impact^		
	Rate/\$1K	Total Tangible Tax Levy	Total Municipal Levy	Tangible % of Total	Taxpayers Exempted	Foregone Revenue due to Exemption
Barrington	\$19.65	\$902,493	\$66,865,925	1.3%	480	\$123,909
Bristol	13.00	672,417	46,858,304	1.4%	599	160,655
Burrillville	13.91	2,555,273	30,737,271	8.3%	271	81,666
Central Falls	38.33	1,066,079	15,183,661	7.0%	371	347,340
Charlestown	8.17	190,433	23,074,917	0.8%	247	23,156
Coventry	19.57	2,150,218	75,971,336	2.8%	725	287,830
Cranston	27.77	10,280,951	183,576,692	5.6%	1,970	1,496,217
Cumberland	29.98	6,031,653	68,563,584	8.8%	705	521,248
East Greenwich	31.77	2,847,929	59,885,192	4.8%	477	379,417
East Providence	56.33	16,145,380	113,585,483	14.2%	660	1,602,590
Exeter	13.94	378,422	13,952,547	2.7%	188	74,149
Foster	30.15	380,541	13,429,759	2.8%	352	97,303
Glocester	37.38	1,724,575	24,130,106	7.1%	472	241,379
Hopkinton	18.53	869,990	19,453,162	4.5%	672	204,439
Jamestown	6.79	117,021	22,722,221	0.5%	191	25,988
Johnston	64.34	11,767,764	72,855,936	16.2%	1,773	1,606,186
Lincoln	30.00	5,443,873	57,196,227	9.5%	889	668,199
Little Compton	9.80	118,198	13,188,939	0.9%	208	61,939
Middletown	17.85	1,838,276	49,197,108	3.7%	224	269,350
Narragansett	12.14	1,351,834	55,984,526	2.4%	40	68,757
New Shoreham	7.08	107,014	12,002,438	0.9%	178	15,730
Newport	14.41	2,104,251	82,949,013	2.5%	1,611	309,335
North Kingstown	17.50	3,842,146	84,522,399	4.5%	1,010	396,467
North Providence	64.78	6,506,288	67,215,462	9.7%	794	970,173
North Smithfield	42.62	6,411,330	34,560,505	18.6%	432	439,438
Pawtucket	52.09	9,015,188	103,491,223	8.7%	1,360	1,265,360
Portsmouth	15.65	2,201,438	59,662,963	3.7%	641	209,866
Providence	53.40	66,794,019	370,899,524	18.0%	3,499	6,010,215
Richmond	20.58	585,492	20,364,735	2.9%	348	132,020
Scituate	34.88	1,041,076	32,369,404	3.2%	275	169,556
Smithfield	59.74	8,831,476	58,247,230	15.2%	807	1,196,593
South Kingstown	10.95	1,191,449	74,934,701	1.6%	1,095	325,769
Tiverton	14.63	1,025,813	40,460,760	2.5%	527	179,413
Warren	18.01	713,126	25,268,227	2.8%	498	173,096
Warwick	37.46	22,200,885	226,362,002	9.8%	2,513	3,053,956
West Greenwich	34.80	1,681,847	20,549,079	8.2%	184	163,799
West Warwick	46.26	8,208,136	67,160,338	12.2%	728	761,038
Westerly	11.52	1,567,276	75,757,128	2.1%	1,841	463,654
Woonsocket	46.58	5,823,231	52,223,352	11.2%	797	934,460
Total		\$216,684,801	\$2,535,413,379	8.5%	30,152	\$25,511,157
Average	\$28.27	\$5,556,021	\$65,010,599			

*Based on the December 31, 2021 Assessment Date

^ Estimate based on December 31, 2020 assessment date.

Source: Division of Municipal Finance

The Analyst Note: As noted above, the exemption on the first \$50,000 in tangible property value is based on the assessment date of December 31, 2023. 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 includes \$28.0 million in general revenue within the Department of Revenue for the new state aid program with the provision that any unused funds be subject to automatic reappropriation to the following fiscal year. These funds were appropriated as a placeholder with the understanding that implementation and reimbursements do not take place until FY2025. The Governor's FY2025 Budget reappropriates the funds in their entirety.

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 \$13.7 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 funded at 24.2 percent.

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

For 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

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

property at a rate equal to or greater than the rate that applied in FY2008. For each year thereafter, the tax rate applied to telecommunications tangible property can be no less than the rate that applied in FY2008.

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

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.

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.

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

Hotel Tax Distribution		
Fiscal Year	Total 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

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, Gloucester, 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	Governor's FY2025	Change from
								FY2024 Enacted ⁵
Barrington	\$6,292,775	\$18,976	-	\$5,894,822		\$362,172	\$6,275,970	(\$16,805)
Bristol	4,417,875	1,324,937	-	2,905,818		211,491	4,442,246	24,371
Burrillville	5,337,682	60,737	-	5,053,933		229,627	5,344,297	6,615
Central Falls	2,378,839	-	268,136	2,077,974		36,071	2,382,181	3,343
Charlestown	1,085,143	-	-	1,020,877		65,942	1,086,819	1,676
Coventry	6,123,945	-	-	5,872,396		260,779	6,133,174	9,229
Cranston	27,139,431	4,037,181	-	22,312,247		775,345	27,124,772	(14,659)
Cumberland	6,427,395	-	-	6,073,469		350,311	6,423,780	(3,615)
East Greenwich	3,371,602	819,440	-	2,417,332		148,306	3,385,078	13,476
East Providence	12,165,367	296,967	-	11,433,479		442,208	12,172,655	7,288
Exeter	2,298,163	-	-	2,241,381		63,102	2,304,483	6,320
Foster	1,694,087	-	-	1,652,251		41,577	1,693,828	(258)
Glocester	2,477,279	-	-	2,381,941		95,764	2,477,705	425
Hopkinton	1,673,559	-	-	1,629,259		42,845	1,672,104	(1,455)
Jamestown	743,574	-	-	622,793		117,542	740,335	(3,240)
Johnston	10,516,238	-	-	10,382,785		126,016	10,508,801	(7,437)
Lincoln	5,942,631	-	-	5,683,015		264,981	5,947,996	5,365
Little Compton	409,369	-	-	366,775		43,095	409,870	501
Middletown	2,157,351	-	-	1,976,448		174,961	2,151,409	(5,942)
Narragansett	2,041,527	-	-	1,831,251		238,073	2,069,324	27,797
Newport	4,449,731	1,773,418	-	2,223,671		483,931	4,481,020	31,289
New Shoreham	271,567	-	-	163,298		114,693	277,991	6,424
North Kingstown	5,732,666	50	-	5,378,818		314,881	5,693,748	(38,918)
North Providence	11,034,448	-	1,140,776	9,619,286		235,168	10,995,231	(39,217)
North Smithfield	4,493,856	-	-	4,398,531		95,061	4,493,592	(264)
Pawtucket	18,772,406	3,087	1,808,532	16,495,506		496,695	18,803,820	31,414
Portsmouth	2,549,083	-	-	2,414,242		134,682	2,548,924	(158)
Providence	80,267,055	37,273,505	7,107,546	34,131,596		1,478,071	79,990,718	(276,336)
Richmond	1,480,661	-	-	1,448,455		31,533	1,479,988	(673)
Scituate	2,110,934	-	-	1,977,127		133,165	2,110,292	(642)
Smithfield	8,632,660	1,217,452	-	7,098,694		363,357	8,679,502	46,842
South Kingstown	4,375,906	186,342	-	3,930,455		253,819	4,370,616	(5,289)
Tiverton	1,895,925	-	-	1,748,175		145,799	1,893,973	(1,951)
Warren	2,164,873	-	-	2,090,911		75,623	2,166,533	1,660
Warwick	27,603,470	1,691,043	-	25,246,254		895,063	27,832,361	228,891
Westerly	6,358,803	151,026	-	5,765,523		438,351	6,354,900	(3,904)
West Greenwich	1,393,393	-	-	1,331,725		69,063	1,400,788	7,395
West Warwick	7,043,212	-	1,157,378	5,673,744		203,898	7,035,020	(8,192)
Woonsocket	10,833,442	347,251	902,090	9,324,776		227,959	10,802,077	(31,365)
SRL ¹	1,123,123	-	-	-		1,123,123	1,123,123	-
ILG ²	71,172	-	-	-		71,172	71,172	-
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	\$13,708,134	\$338,006,310	\$114,265

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 Governor has budgeted an estimated \$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	Change from	
						FY2025 Enacted	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 Governor - Direct Municipal Aid to Cities and Towns

Municipality	FY2024 Enacted	Payment in Lieu of Taxes	Distressed Communities Relief Fund	Motor Vehicle Excise Tax ³	Library Grant-in-Aid	FY2024 Governor	Change from FY2024 Enacted
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 Grant

² ILG: Grant-in-Aid to Institutional Libraries. Includes \$1.9 million in Library Construction Aid

Total Library Construction Aid FY2024 is \$1.9 million

³ Combines MVET Phase-Out Reimbursement and Original Base Reimbursement

⁴ Up to \$500,000 in total to be provided as a supplemental payment per proposed R.I. Gen. Laws § 44-34.1-5 for municipalities and fire districts that would have had a motor vehicle levy above their FY 2018 Baseline in FY 23 and that also budgeted for this additional revenue, subject to review and certification by the Department of Revenue.

FY2024 Governor - Indirect Municipal Aid to Cities and Towns

Municipality	FY2024 Enacted	Public Service Corp. Tax	Hotel Tax	Meals and Beverage Tax	Airport Impact Fees ¹	FY2024 Governor	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

The Education Adequacy Act (2010-S-2770, Substitute A as Amended) provided a new school funding formula that creates a single methodology for distributing state aid to all public schools. The core principle behind the formula is that state funding should follow the student; therefore, the distribution of state funds changes annually based on shifts in enrollment. This formula applies to all public schools, charter schools, the Davies Career and Technical School, and the Metropolitan Career and Technical Center. The Act does not change the funding methodology for the School for the Deaf, since it is an education program that already has a state, federal, and local share.

Beginning in FY2012, the formula established a per-pupil spending amount and allocated this funding based on student enrollment, adjusting for poverty (as measured by the number of families whose income is below 185.0 percent of the federal poverty guidelines). The formula also adjusts for local revenue generating capacity and overall poverty level, as well as the concentration of children living in poverty.

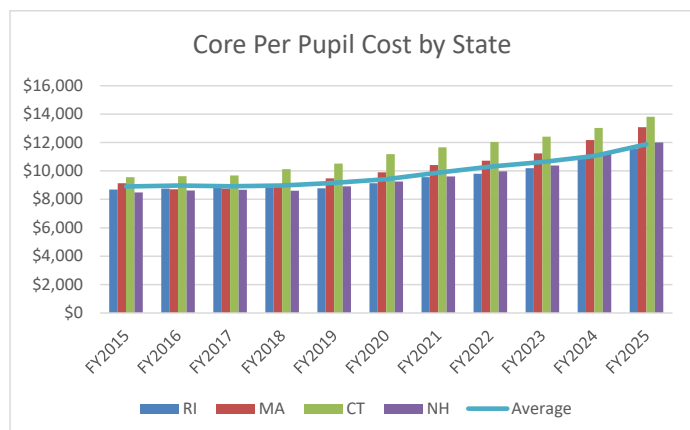
The Act included a multi-year transition plan to ease districts into the new formula, allowing time for school districts and municipal governments to adjust for gains or losses in education aid. The plan provided a transition period of ten years from the formula implementation in FY2012 for those districts projected to receive less school aid than they did in the previous year, and seven years for those districts projected to receive more. FY2021 was the final year of the transition plan. However, the FY2024 Budget as Enacted provided a Poverty Loss Stabilization Fund and a Transition Fund for enrollment loss.

In FY2025, the formula aid to the districts, charter schools, and state schools increases by \$17.7 million to fully fund the formula. The new Enrollment Transition provides an additional \$5.1 million partially offset by a decrease in the Poverty Loss Stabilization Fund of \$4.5 million. An additional increase of \$18.8 million is provided through categorical aid, including \$16.6 million for English Learners.

HOW THE FORMULA WORKS

Step 1 - Student Enrollment: Student enrollment is based on resident average daily membership (RADM), which refers to the average number of students who are residents of the community and were enrolled in the school district during the prior school year. The Budget is based on enrollment data as of March 2023, adjusted for projected charter school enrollments.

Step 2 - Core Instruction Amount: The core instruction amount provides a base level of funding per pupil derived from the average of northeast regional expenditure data from Rhode Island, Massachusetts, Connecticut and New Hampshire, as published by the National Center for Education Statistics (NCES). In the Governor's FY2025 Budget, the increase in the core-instructional amount is capped at the average five-year annual percentage change in the consumer price index, for FY2025 that is 3.9 percent or \$459, providing a per-pupil amount of \$12,335. Under current law, the core amount would be \$12,617, an increase of 6.2 percent.



Step 3 - High Need Student Weight (40.0 percent): The Act includes a single factor to adjust the core instruction amount to address the effects of poverty and other factors influencing educational need. The

weight provides an additional \$4,934 ($\$12,335 \times 0.40 = \$4,934$) for each student whose family income is at or below one hundred eighty-five percent (185%) of federal poverty guidelines.

The statute requires that the weight be applied to each child whose family income is at or below 185.0 percent of the federal poverty guidelines. Traditionally, these students were tracked primarily through eligibility for the federal free and reduced lunch program (FRLP); however, Article 10 of the FY2023 Budget as Enacted required the Department of Elementary and Secondary Education (Department) to submit, as part of its FY2024 budget request, a poverty measure that does not rely on the administration of the school lunch programs. The Governor recommended and the General Assembly agreed to using certification data from programs including the Supplemental Nutrition Assistance Program (SNAP). The counts from this data source are then multiplied by a factor of 1.6, as recommended by the U.S. Department of Agriculture (USDA) and the U.S. Department of Education for the Community Eligibility Provision (CEP) of the Healthy, Hunger-Free Kids Act of 2010.

According to the Office of Management and Budget (OMB), “extensive research was conducted” to determine the new poverty measure, including the experiences of other states. Several criteria were considered including “comparable eligibility requirement to the FRLP, timeliness, and data quality. Furthermore, data sharing agreements with DHS [Department of Human Services] related to the use of direct certification were already in existence.” Based on the review, it was determined that “direct certification would result in a reliable calculation of education aid while minimizing administrative burden.”

According to the U.S. Department of Education, the “function of the 1.6 multiplier is to provide an estimate of the percentage of students eligible for free and reduced-price meals in participating CEP schools, groups of schools, or LEAs that is comparable to the poverty percentage that would be obtained in a non-CEP school. The number of students directly certified is a subset of the total number of students eligible for free and reduced-price meals. Using only the number of identified students would result in lower poverty percentages for CEP schools or LEAs.” (see page 4 of Guidance for The Community Eligibility Provision). Communities participating in the CEP agree not to collect FRLP forms.

Step 4 - Total Foundation Budget: The total foundation budget for each school district is calculated by adding the product of the total core instruction amount and the total student success factor weight.

$$\text{Total Foundation Budget} = (\$12,335 \times \text{RADM}) + (0.4 \times \$12,335 \times \text{students in poverty})$$

Step 5 - State Share Ratio: The Education Adequacy Act creates a share ratio by adding a wealth measure, based on the concentration of children living in poverty, to the single State Share Ratio for the Community (SSRC) previously used to determine a district’s ability to pay for the cost of education. In FY2024, the Governor uses the direct certification data discussed under the SSF above to measure the percentage of Pre-Kindergarten through sixth grade students living in poverty, instead of the free and reduced-lunch data used traditionally.

The total foundation budget equals the student enrollment and the high-need student weight of the district multiplied by the core instruction amount. The State’s share of the total foundation budget is the state share ratio calculated as follows:

$$\text{State Share Ratio (SSR)} = \sqrt{\frac{\text{SSRC}^2 + \%PK - 6\text{poverty}^2}{2}}$$

Pursuant to the FY2024 Budget as Enacted, however, if a district has a PK through 6 poverty rate greater than 50.0 percent and the SSR calculation results in a ratio less than the SSRC, then the SSRC will be used.

In FY2024, this adjustment impacts Pawtucket, West Warwick, and Central Falls, as highlighted in the table.

By squaring each factor, the formula amplifies the greater of the two variables. Consequently, school districts with less capacity to raise revenue than the State as a whole and a higher concentration of child poverty look relatively poorer, while districts with a higher capacity to raise revenue and lower concentrations of poverty look relatively wealthier. Those poorer districts with the higher SSR will receive a greater portion of the calculated education costs as state aid than the wealthier districts.

The SSRC calculation is based on each community's total assessed property value and median family income, relative to districts across the State. The total community property value includes motor vehicles, personal property and State payments in lieu of taxes. These values are brought to full market value based on market experience and then adjusted by the median family income. The higher the EWAV share ratio, the less capacity the community has relative to the rest of the state for generating locally derived revenue to support schools and the more state aid the community will receive. While similar to the share ratio used in the school construction formula to determine the state's share of debt service obligations, the Education Adequacy Act adjusted the SSRC calculation to increase the State share of the total education budget.

The distribution includes an update to the median family income (MFI) component of the EWAV based on the socio-economic data from the American Community Survey (ACS) provided by the United States Census Bureau. The index used to adjust for MFI is the ratio of the median family income of the municipality relative to the median family income statewide as reported in the American Community Survey (ACS) provided by the United States Census Bureau.

Step 6 - State Share of Foundation Budget: The State's share of the total foundation budget equals the state share ratio, discussed above, times the total foundation budget. Unlike many foundation formulas, the statute neither requires a minimum nor sets a maximum local spending level beyond the limits in the maintenance of effort requirements found in RIGL 16-7-23 and 16-7-23.1. Nonetheless, a municipality is responsible, to some degree, for the difference between the state share and the total foundation amount.

Poverty Loss Stabilization Fund: The FY2024 Budget as Enacted established funding to reduce the impact of a reduction in the community state share ratio. If the share ratio decreases by more than 2.0 percent, relative to the prior year, the formula provides 50.0 percent of the resulting reduction in funding formula aid.

Enrollment Transition Fund: To address the significant enrollment declines seen across the State, the FY2024 Budget as Enacted established an Enrollment Transition Fund providing 40.0 percent of the funding formula aid lost as a result of enrollment declines, relative to the previous year, in year one and 25.0 percent in year two.

TABLE

The table on the following page provides a step-by-step calculation of each district's formula distribution for FY2025.

FY2025 Education Aid Calculator - Governor Recommendation¹

Districts	PK-12 RADM	Direct Cert	Direct Cert x Factor (1.6) RADM	Core Instruction Funding (C = \$12,335)	Student Success Factor Funding (F = 0.4*\$12,335 = \$4,934)	Total Foundation	% Direct Cert (1.6 factor)			State Share Ratio	State Share Adjusted RIGL 16-7.2-4(a)	State Share of Foundation Budget	FY2024 Enacted (excludes group home and categoricals)	Change in State Funding
							PK6	EWAV	I					
	A	B	B	A*C=D	B*F=G	D+G=H	P	W	I		H*I=J	K	J-K=L	
Barrington	3,286	121	194	\$40,532,810	\$955,222	\$41,488,032	7.7%	37.1%	26.8%	26.8%	\$11,115,774	\$10,346,999	\$768,774	
Burrillville	2,020	329	526	24,916,700	2,597,258	27,513,958	30.7%	59.3%	47.2%	47.2%	12,991,396	12,904,573	86,823	
Charlestown	684	84	134	8,437,140	663,130	9,100,270	22.9%	-	16.2%	16.2%	1,473,583	1,347,679	125,905	
Covenry	4,168	617	987	51,412,280	4,870,845	56,283,125	26.3%	59.7%	46.1%	46.1%	25,962,875	25,200,762	762,113	
Cranston	9,737	2,083	3,333	120,105,895	16,444,035	136,549,930	39.4%	65.6%	54.1%	54.1%	73,886,762	71,840,320	2,046,442	
Cumberland	4,743	488	781	58,504,905	3,852,467	62,357,372	19.0%	54.6%	40.9%	40.9%	25,490,974	24,039,982	1,450,991	
East Greenwich	2,504	103	165	30,886,840	813,123	31,699,963	7.9%	25.9%	19.1%	19.1%	6,069,612	5,386,895	682,717	
East Providence	5,075	1,238	1,981	62,600,125	9,773,267	72,373,392	40.7%	59.7%	51.1%	51.1%	36,976,288	35,844,734	1,131,554	
Foster	220	30	48	2,713,700	236,832	2,950,532	26.8%	47.9%	38.8%	38.8%	1,145,143	1,127,337	17,806	
Glocester	546	38	61	6,734,910	299,987	7,034,897	12.5%	54.9%	39.8%	39.8%	2,800,852	2,859,443	(58,590)	
Hopkinton	1,093	148	237	13,482,155	1,168,371	14,650,526	26.1%	58.0%	45.0%	45.0%	6,588,837	6,263,725	325,112	
Jamestown	570	21	34	7,030,950	165,782	7,196,732	5.7%	-	4.0%	4.0%	290,065	319,561	(29,496)	
Johnston	3,257	671	1,074	40,175,095	5,297,142	45,472,237	38.9%	58.0%	49.4%	49.4%	22,455,207	21,291,119	1,164,087	
Lincoln	3,275	513	821	40,397,125	4,049,827	44,446,952	27.2%	51.1%	40.9%	40.9%	18,193,550	16,694,774	1,498,776	
Little Compton	277	26	42	3,416,795	205,254	3,622,049	12.4%	-	8.8%	8.8%	317,586	279,472	38,114	
Middletown	1,966	312	499	24,250,610	2,463,053	26,713,663	28.0%	19.8%	24.2%	24.2%	6,477,829	6,842,405	(364,575)	
Narragansett	1,011	107	171	12,470,685	844,701	13,315,386	18.8%	-	13.3%	13.3%	1,770,095	1,983,316	(213,220)	
Newport	1,791	687	1,099	22,091,985	5,423,453	27,515,438	72.0%	-	50.9%	50.9%	14,008,574	14,077,237	(68,664)	
New Shoreham	127	4	6	1,566,545	31,578	1,598,123	6.4%	-	4.5%	4.5%	72,323	94,704	(22,381)	
North Kingstown	3,513	526	842	43,332,855	4,152,454	47,485,309	28.4%	25.9%	27.2%	27.2%	12,905,918	11,142,827	1,763,091	
North Providence	3,500	796	1,274	43,172,500	6,283,942	49,456,442	40.7%	71.0%	57.9%	57.9%	28,619,623	27,354,244	1,265,380	
North Smithfield	1,660	170	272	20,476,100	1,342,048	21,818,148	20.9%	45.9%	35.7%	35.7%	7,780,885	7,343,688	437,198	
Pawtucket	7,679	3,020	4,832	94,720,465	23,841,088	118,561,553	68.8%	84.7%	77.2%	77.2%	100,421,635	101,240,632	(818,996)	
Portsmouth	2,031	170	272	25,052,385	1,342,048	26,394,433	14.8%	-	10.5%	10.5%	2,762,225	2,597,715	164,510	
Providence	18,465	8,492	13,587	227,765,775	67,039,245	294,805,020	86.2%	84.5%	85.4%	85.4%	251,628,562	262,261,735	(10,633,173)	
Richmond	1,052	131	210	12,976,420	1,034,166	14,010,586	21.3%	57.1%	43.1%	43.1%	6,037,652	5,664,511	373,141	
Scituate	1,163	94	150	14,345,605	742,074	15,087,679	14.8%	27.0%	21.8%	21.8%	3,284,889	3,410,780	(125,891)	
Smithfield	2,397	200	320	29,566,995	1,578,880	31,145,875	13.1%	41.2%	30.6%	30.6%	9,521,294	8,703,479	817,816	
South Kingstown	2,415	298	477	29,789,025	2,352,531	32,141,556	21.4%	-	15.1%	15.1%	4,863,688	5,063,712	(200,024)	
Tiverton	1,599	191	306	19,723,665	1,507,830	21,231,495	21.0%	27.9%	24.7%	24.7%	5,242,524	5,469,710	(227,186)	
Warwick	7,927	1,430	2,288	97,779,545	11,288,992	109,068,537	34.3%	44.5%	39.7%	39.7%	43,331,517	42,784,774	546,743	
Westerly	2,257	401	642	27,840,095	3,165,654	31,005,749	35.0%	-	24.7%	24.7%	7,673,531	7,847,731	(174,200)	
West Warwick	3,557	1,138	1,821	43,875,595	8,983,827	52,859,422	57.7%	72.9%	65.7%	65.7%	38,534,519	37,221,502	1,313,017	
Woonsocket	5,425	2,660	4,256	66,917,375	20,999,104	87,916,479	88.7%	88.7%	88.7%	88.7%	77,981,917	80,001,773	(2,019,856)	
Bristol-Warren ²	2,806	409	654	34,612,010	3,228,810	37,840,820	-	-	-	-	10,303,413	11,040,792	(737,378)	
Exeter-West Greenwich ²	1,530	130	208	18,872,550	1,026,272	19,898,822	-	-	-	-	5,260,331	4,853,740	406,591	
Charlho	-	-	-	-	-	-	-	-	-	-	-	-	-	
Foster-Glocester ²	1,072	94	150	13,223,120	742,074	13,965,194	-	-	-	-	5,515,848	5,463,033	52,815	
Central Falls	2,339	985	1,576	28,851,565	7,775,984	36,627,549	74.4%	97.1%	86.5%	97.1%	35,565,350	37,635,874	(2,070,524)	
District Total	118,737	28,955	46,328	\$1,464,620,895	\$228,582,352	\$1,693,203,247					\$925,322,648	\$925,847,288	(\$524,639)	
Charter School Total	13,840	5,324	8,518	170,716,400	42,029,786	212,746,186	-	-	-	-	171,217,305	153,888,559	17,328,745	
Davies	889	246	394	10,965,815	1,942,022	12,907,837	-	-	-	-	10,225,184	9,945,832	279,352	
Met School	787	303	485	9,707,645	2,392,003	12,099,648	-	-	-	-	8,690,789	8,597,594	93,195	
Urban Collaborative	129	80	128	1,591,215	631,552	2,222,767	-	-	-	-	1,897,226	1,840,097	57,129	
Youth Build Academy	160	94	150	1,973,600	742,074	2,715,674	-	-	-	-	2,317,942	1,892,543	425,399	
Total	134,542	35,002	56,003	1,659,575,570	276,319,789	1,935,895,359					\$1,119,671,094	\$1,102,011,913	\$17,659,181	

¹ Based on October 2023 enrollment updated for projected 2023-2024 charter school growth. Expected to be updated when March 2024 data is available.

² Calculations based on component district data as required by the Superior Court decision in Town of Warren v. Bristol Warren Regional School District, et. al.

Source: Rhode Island Department of Education

CHARTER AND STATE SCHOOLS

The education funding formula calculation for charter and state schools funds students as if they were still in the sending district, with the same core instruction amount, high-need student weight, and state share ratio. The aid, however, is distributed directly to the charter or state school. In FY2025, the Budget provides \$176.7 million in funding formula aid to charter schools, an increase of \$20.1 million. This increase is primarily driven by enrollment. In FY2025, charter school enrollment increases by 852 students, or 6.6 percent, relative to the FY2024 Budget as Enacted.

Sending District Tuition: Under the formula, the funding mechanism for charter and state schools changed significantly. Previously sending district tuition per-student was based on the per-pupil expenditure of the sending district, without deductions, the formula allowed sending districts to retain 5.0 percent of the per-pupil expenditure as indirect aid. The indirect aid was intended to cover residual costs from the transfer of the student from the district to the charter school. Today, the sending district tuition is calculated by dividing the local appropriation to education from property taxes, net debt service and capital projects, by the district

resident average daily membership (RADM), or enrollment: there is no indirect aid retained by the sending district.

$$\text{Tuition} = (\text{local appropriation to education} - \text{debt service} - \text{capital projects} / \text{District RADM}) - \text{local tuition reduction}$$

Local Charter and State School Tuition Reduction: Article 11 of the FY2017 Budget changed the above calculation to subtract a district-specific amount from the tuition paid for each student attending a charter or state school. The amount of the reduction is calculated based on differences in expenses between each district and charter schools. The expenditure data used for the calculation is the prior previous fiscal year; consequently, the calculation of unique costs for FY2023 is based on FY2021 data from the Uniform Chart of Accounts (UCOA). The reduction will be the greater of 7.0 percent of the district's per-pupil funding or the per-pupil value of each district's costs in the delineated expenditure categories. The categories include each district's costs for non-public textbooks, transportation for non-public students, retiree health benefits, out-of-district special education tuition and transportation, services for students age eighteen to twenty-one, pre-school screening and intervention, career and technical education tuition and transportation costs, debt service, and rental costs minus the average charter school expenses for the same categories. For districts using the reduction for costs categories, there is an additional reduction for tuition payments to mayoral academies, where teachers do not participate in the state's teacher retirement system, equivalent to the per-pupil, unfunded liability cost. The local tuition rate reductions pursuant to RIGL 16-7.2-5(c) were not available in time for the publication of this report.

In FY2011, the State paid the total tuition costs of students attending the Davies and Met Schools, while the local districts provided transportation. Pursuant to the new funding formula, however, the State payment to these state schools is calculated by the same method used to calculate school district and charter school payments. The formula requires local districts to pay state school tuition, but allows the districts to charge the state and charter schools for transportation costs. Local payments are made to the charter or state school on a quarterly basis. Failure to make a payment could result in the withholding of state education aid to the district of residence.

In FY2011, prior to the implementation of the current funding formula, charter school funding was based on the per-pupil expenditure of the sending district; however, the State paid 5.0 percent of the per-pupil expenditure as indirect aid to the sending district, and a portion of the remaining 95.0 percent based on the share ratio of the sending district. The expenditure was based on the reference year as defined in RIGL 16-7-16(11) providing a two-year lag. Each quarter, the charter school billed the sending district for the portion of the per-pupil expenditure not paid by the State.

Please see the following examples for further clarification of the charter school formula used in FY2011.

Calculation	District A	District B
Per Pupil Expenditure:	\$8,000	\$8,000
Share Ratio:	70.0%	30.0%
Indirect Aid to Sending District:	\$400 (5.0% of \$8,000)	\$400 (5.0% of \$8,000)
State Share to Charter School:	\$5,320 (70.0% of (\$8,000 minus 5.0%))	\$2,280 (30.0% of (\$8,000 minus 5.0%))
District Share to Charter School:	\$2,280 (30.0% of (\$8,000 minus 5.0%))	\$5,320 (70.0% of (\$8,000 minus 5.0%))

NON-FORMULA PROVISIONS

Group Homes: The Group Home aid category was created by the General Assembly in 2001 to provide state support to districts hosting group homes in exchange for relieving the resident sending district of financial responsibility for students placed in group homes. When enacted, the Act maintained the current funding for group homes as a categorical grant program; however, the FY2017 Budget as Enacted increased the per-bed funding amount. The Group Home aid category provides \$17,000 annually per bed, except for group home beds associated with Bradley Hospital Children's Residential and Family Treatment (CRAFT) Program, which received \$26,000 per bed. The FY2025 Budget includes \$1.8 million to fund group home

beds. This is \$74,758 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.

District	FY2024 Enacted		Group Home Aid ¹ FY2025 Change from Enacted					FY2024		
	Total Aid	Number of Beds	FY2025	Change in	Aid change	Aid change due	Total Change	FY2025 Total	Revised Total Aid	Change from Enacted
			Number of Beds	Number of Beds	due to bed count	to RIGL 16-7-22(1)(ii)		Aid		
Burrillville	\$0	-	-	-	\$0	\$0	\$0	\$0	\$0	\$0
Coventry	74,889	8	8	-	-	(2,617)	(2,617)	72,272	74,889	-
East Providence	458,072	35	36	1	17,000	(18,696)	(1,696)	456,376	475,072	17,000
Lincoln	83,789	8	8	-	-	(4,339)	(4,339)	79,450	83,789	-
Newport	76,500	9	9	-	-	(2,627)	(2,627)	73,873	76,500	-
North Providence	119,386	16	16	-	-	(7,279)	(7,279)	112,107	119,386	-
North Smithfield	-	-	-	-	-	-	-	-	-	-
Pawtucket	79,743	19	19	-	-	(34,653)	(34,653)	45,090	79,743	-
Portsmouth	275,950	18	18	-	-	(2,480)	(2,480)	273,470	275,950	-
Providence	138,359	50	57	7	119,000	(128,529)	(9,529)	128,830	257,359	119,000
Smithfield	73,562	6	6	-	-	(3,237)	(3,237)	70,325	73,562	-
South Kingstown	-	-	-	-	-	-	-	-	-	-
Warwick	248,975	24	25	1	17,000	(12,494)	4,506	253,481	265,975	17,000
Woonsocket	-	-	-	-	-	-	-	-	-	-
Bristol-Warren	100,921	10	10	-	-	(3,186)	(3,186)	97,735	100,921	-
Exeter-West Greenwich	110,250	9	9	-	-	(7,621)	(7,621)	102,629	110,250	-
Total	\$1,840,396	212	221	9	\$153,000	(\$227,758)	(\$74,758)	\$1,765,638	\$1,993,396	\$153,000

¹ Based on final 12/31/2023 report from the Department of Children, Youth and Families. In the FY2024 Revised Budget, a total of 9 beds were added relative to the enacted level, including 1 in East Providence, 7 in Providence, and 1 in Warwick.

Categorical Programs: When the education funding formula was passed in 2010, five categorical funds were identified that would not be distributed according to the formula, but pursuant to other methodologies intended to address the priorities and funding needs of the districts. These categories include Transportation, High-Cost Special Education, Career & Technical Education, Early Childhood, and the Regionalization Bonus. Article 11 of the FY2017 Budget as Enacted added two new aid categories: English Learners and the Density Fund. In the FY2024 Budget, the Density Aid Fund was replaced with the Enrollment Transition fund, which is included in the funding formula distribution. The FY2019 Budget as Enacted included a temporary aid category to support new Resource Officers at public middle and high schools, which expired after FY2021. (The Central Falls, Davies and Met School Stabilization Funds are addressed in the Department of Elementary and Secondary Education section of this analysis.)

The FY2025 Budget includes funding for all of the active categories, except the Regionalization Bonus. The total increase in categorical aid is \$24.3 million for all school districts, charter schools, Davies Career & Technical School (Davies), and the Metropolitan Career and Technical School (Met).

- Transportation:** This fund provides funding 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

Categorical	FY2025 Governor's Education Aid	
	Change from Enacted	Total Funding
Transportation	\$0.6	\$11.2
Early Childhood	7.2	30.0
High-Cost Special Education	-	15.0
Career & Tech. Schools	-	4.5
English Learners	16.6	36.1
Regionalization Bonus	-	-
Group Home Aid	(0.1)	1.8
Total	\$24.3	\$98.6

\$ in millions

- Early Childhood Education (2.0 FTE positions):** 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-performing 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, \$239,861 for 2.0 new FTE positions, including 1.0 support staff, for the Pre-K program expansion. The FY2024 Budget as Enacted provided \$100,000 in general revenue to support these positions for six months. The FY2025 Budget provides additional funding to fully support these positions and move them from grant-funded, term-limited status to permanent.

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%

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.

- 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.
- Career and Technical Schools:** This fund contributes toward the initial investment needed to transform existing programs or create new programs and the costs associated with facilities, equipment maintenance and repair, and supplies associated with higher-cost programs at career and technical schools. The Budget level funds this category at \$4.5 million in FY2025.
- English Learners:** When established through Article 11 of the FY2017 Budget as Enacted, the English Learners (EL) categorical fund provided a 10.0 percent weight and was often not fully funded to meet the qualified reimbursements. The FY2024 Budget as Enacted increased the weight to 15.0 percent and eliminated the ratable reduction clause, requiring the category to be fully funded; consequently, the fund currently provides additional aid of 15.0 percent of the per-pupil core instruction amount for each qualified EL student multiplied by the state share ratio. The WIDA (World-Class Instructional Design and Assessment) Kindergarten-MODEL and the WIDA Screener 1-12 grade are used to identify EL students. The WIDA ACCESS (Assessing Comprehension and Communication in English State to

State) is used for monitoring and growth in grade K-12. WIDA is a consortium of state departments of education that developed the ACCESS test that is administered annually to English Learners to monitor the student's language development. The models classify student into six proficiency categories. The categorical aid is used for the three lowest categories: entering, emerging, and developing.

The current law formula is provided below.

(Per-pupil core instruction amount x number of EL students) x 15.0 percent x state share ratio = additional state support per EL student

The Governor recommends increasing the weight from 15.0 percent to 25.0 percent of the core amount. The Budget provides \$36.1 million in FY2025 to fully fund this category with a core amount of \$12,335 and a 25.0 percent weight, an increase of \$16.6 million relative to the previous fiscal year. Under current law, with a core amount of \$12,617 and a 15.0 percent weight, the increase would be \$2.7 million relative to the FY2024 Budget as Enacted, \$13.9 million less than the Governor's recommendation for EL.

The funds are restricted to providing new services to EL students and must be managed in accordance with requirements enumerated by the Commissioner. The Department is required to collect performance reports and approve the use of funds prior to expenditure to ensure the funded activities align to innovative and expansive activities. As mentioned only qualified expense will be reimbursed., according to a letter from the Department to district Superintendents, dated June 23, 2023, the funds may not be used for activities the district is currently funding from other sources. In addition, the Department "must ensure the funds are used to (Source: House Bill 7171):

1. Increase the number of new bilingual classrooms and programs;
2. Increase capacity of multilingual educators and English to Speakers of Other Language (ESOL) certified teachers;
3. Provide continuous training to retain multilingual and ESOL certified teachers;
4. Increase the knowledge and capacity of building administrators about MLL students to better support them;
5. Provide training for general education teachers to become certified in ESOL; and
6. Provide training for instructional coaches and personnel supporting differently-abled students to serve multilingual students."

Analyst Note: "House Bill 7171" refers to the Governor's FY2021 Recommended Budget. This is the year that the State shut down due to COVID-19 and this bill language was never passed into law. This language is not in the Department's current regulations, nor is it posted publicly on the website.

Article 8 of the FY2024 Budget as Enacted requires the Department to report, as part of the FY2025 budget submission, the number of EL students whose family income is at or below 185 percent of federal poverty guidelines and segment the populations by proficiency. In addition, the Department is required to prepare an expense report for EL education and recommend a funding solution. While the full report is available upon request, the report noted that 79.0 percent of the multilingual learner students (MLL) are enrolled in Central Falls, Providence, Pawtucket, and Woonsocket schools and the charter schools that draw from these districts. In addition, approximately 80.0 percent of the enrolled MLL students qualify for free or reduced lunch. The "recommended changes (to categorical aid) are:

- Increase weight from 15% to 25% of core expenses for the three lowest proficiency categories, approximately 80% of the students.

- Entering -Emerging -Developing
- Add a 15% weight to the next three proficiency categories (there are six in total).
 - Expanding -Bridging -Reaching English Proficiency
- Add 15% weight for the first two years after exiting the MLL program.
 - Monitoring
- All MLL students are included in the weight allocation, including those that may be included in other formula categories such as the student success factor and special education.”
- **Regionalization Bonus:** This fund provides a bonus to regionalized districts and those that may regionalize in the future. In the first year, the bonus is 2.0 percent of the State’s share of the total foundation aid. In the second year, the bonus is 1.0 percent of the State’s share and in the third year the bonus phases out. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. This category has not been funded since FY2014, as no new regional districts have been formed.

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

FY2025 Education Aid - Governor Recommendation ¹

District	FY2024 Enacted (excludes group home and categoricals)	FY2025 Formula Change	Enrollment Transition Fund	Poverty Loss Stabilization Fund	Transportation	High-cost Special Education (>\$66,506)	Group Home Aid ²	English Learners	Stabilization Funding	FY2025 Aid
Barrington	\$10,346,999	\$768,774	\$154,164	\$0	\$211,913	\$313,877	\$0	\$34,701	\$0	\$11,830,429
Burrillville	12,904,573	86,823	336,714	0	30,041	316,114	-	16,017	-	13,690,282
Charlestown	1,347,679	125,905	35,546	-	-	-	-	-	-	1,509,130
Coventry	25,200,762	762,113	558,694	-	51,892	553,261	72,272	19,915	-	27,218,909
Cranston	71,840,320	2,046,442	958,854	-	788,882	796,634	-	1,358,247	-	77,789,379
Cumberland	24,039,982	1,450,991	-	-	20,358	169,908	-	195,393	-	25,876,633
East Greenwich	5,386,895	682,717	53,172	-	133,871	608,406	-	14,171	-	6,879,231
East Providence	35,844,734	1,131,554	-	-	-	866,634	456,376	278,867	-	38,578,164
Foster	1,127,337	17,806	18,524	22,333	13,442	68,219	-	2,394	-	1,270,055
Glocester	2,859,443	(58,590)	61,557	-	29,899	115,660	-	-	-	3,007,969
Hopkinton	6,263,725	325,112	72,383	-	-	-	-	-	-	6,661,220
Jamestown	319,561	(29,496)	12,664	16,322	-	349,446	-	124	-	668,621
Johnston	21,291,119	1,164,087	82,269	-	217,006	1,012,774	-	313,702	-	24,080,957
Lincoln	16,694,774	1,498,776	-	-	-	206,844	79,450	80,786	-	18,560,630
Little Compton	279,472	38,114	17,214	-	-	-	-	-	-	334,800
Middletown	6,842,405	(364,575)	192,178	284,579	-	249,161	-	74,778	-	7,278,526
Narragansett	1,983,316	(213,220)	101,263	125,723	-	194,571	-	820	-	2,192,472
Newport	14,077,237	(68,664)	632,466	-	-	58,746	73,873	469,427	-	15,243,086
New Shoreham	94,704	(22,381)	4,009	11,419	-	-	-	1,675	-	89,426
North Kingstown	11,142,827	1,763,091	212,171	-	-	139,556	-	56,154	-	13,313,800
North Providence	27,354,244	1,265,380	23,480	0	139,093	524,549	112,107	565,691	-	29,984,544
North Smithfield	7,343,688	437,198	46,957	-	44,530	80,819	-	15,396	-	7,968,588
Pawtucket	101,240,632	(818,996)	3,248,733	-	253,264	1,115,695	45,090	3,361,562	-	108,445,979
Portsmouth	2,597,715	164,510	92,792	-	-	364,203	273,470	4,518	-	3,497,207
Providence	262,261,735	(10,633,173)	11,387,904	-	600,029	1,310,651	128,830	17,511,435	-	282,567,412
Richmond	5,664,511	373,141	153,495	-	-	-	-	-	-	6,191,148
Scituate	3,410,780	(125,891)	83,520	109,096	37,086	98,000	-	1,343	-	3,613,934
Smithfield	8,703,479	817,816	74,677	-	52,818	121,099	70,325	21,682	-	9,861,896
South Kingstown	5,063,712	(200,024)	298,767	-	140,673	526,936	-	18,665	-	5,848,729
Tiverton	5,469,710	(227,186)	159,850	106,520	-	188,260	-	6,092	-	5,703,246
Warwick	42,784,774	546,743	1,049,386	-	40,108	1,529,968	253,481	175,194	-	46,379,655
Westerly	7,847,731	(174,200)	402,060	80,244	-	358,533	-	32,817	-	8,547,186
West Warwick	37,221,502	1,313,017	298,198	-	51,359	153,640	-	222,557	-	39,260,273
Woonsocket	80,001,773	(2,019,856)	1,954,010	-	13,308	815,177	-	2,158,141	-	82,922,553
Bristol-Warren ³	11,040,792	(737,378)	418,072	355,425	2,614,277	724,131	97,735	38,049	-	14,551,102
Exeter-West Greenwich ³	4,853,740	406,591	88,127	75,189	1,636,275	344,753	102,629	9,100	-	7,516,404
Chariho	-	-	-	-	3,180,528	251,724	-	12,134	-	3,444,386
Foster-Glocester ³	5,463,033	52,815	123,361	33,388	852,419	93,507	-	2,425	-	6,620,947
Central Falls	37,635,874	(2,070,524)	1,635,908	-	73,628	234,770	-	3,344,657	11,126,174	51,980,487
District Total	\$925,847,288	(\$524,639)	\$25,043,140	\$1,220,238	\$11,226,699	\$14,856,226	\$1,765,638	\$30,418,628	\$11,126,174	\$1,020,979,393
Charter School Total	153,888,559	17,328,745	-	-	-	143,774	-	5,309,090	-	176,670,169
Davies	9,945,832	279,352	-	-	-	-	-	67,777	7,261,117	17,554,078
Met School	8,597,594	93,195	-	-	-	-	-	178,651	2,050,244	10,919,684
Urban Collaborative	1,840,097	57,129	-	-	-	-	-	86,860	-	1,984,085
Youth Build Academy	1,892,543	425,399	-	-	-	-	-	26,321	-	2,344,263
Total	\$1,102,011,913	\$17,659,181	\$25,043,140	\$1,220,238	\$11,226,699	\$15,000,000	\$1,765,638	\$36,087,327	\$20,437,535	\$1,230,451,672

¹ Based on Oct 2023 enrollment updated for projected charter school growth.

² Based on final 12/30/2023 final report from the Department of Children, Youth and Families. In the FY2024 Revised Budget, a total of 9 beds were added relative to the enacted level, including 1 in East Providence, 7 in Providence, and 1 in Warwick.

³ Calculations based on component district data as required by the Superior Court decision in Town of Warren v. Bristol Warren Regional School District, et. al.

Source: Rhode Island Department of Education

The following table shows the difference in education aid relative to the FY2024 Budget as Enacted.

FY2025 Governor Recommended Education Aid - Change to FY2024 Budget as Enacted²

Districts	FY2024 Enacted (includes group home and categoricals)	FY2025 Formula Change	Enrollment Transition Fund	Poverty Loss Stabilization Fund	Transportation	High-cost Special Education (>\$69,076)	Group Home ¹	English Learners	Stabilization Funding	Total Change	FY2025 Education Aid
Barrington	\$11,101,246	\$768,774	\$108,844	\$0	(\$78,801)	(\$91,319)	\$0	\$21,684	\$0	\$729,182	\$11,830,428
Burrillville	14,124,620	86,823	(49,733)	(395,365)	10,831	(95,205)	0	8,311	-	(434,339)	13,690,281
Charlestown	1,372,841	125,905	10,384	-	-	-	-	-	-	136,289	1,509,130
Coventry	26,376,051	762,113	(92,033)	-	3,666	164,091	(2,617)	7,638	-	842,858	27,218,909
Cranston	74,422,252	2,046,442	415,409	-	154,123	59,442	-	691,712	-	3,367,128	77,789,379
Cumberland	24,359,167	1,450,991	-	-	(15,184)	(37,188)	-	118,847	-	1,517,466	25,876,633
East Greenwich	6,085,015	682,717	28,599	-	22,462	50,899	-	9,540	-	794,217	6,879,232
East Providence	39,186,557	1,131,554	-	(1,757,349)	(3,004)	(99,370)	(1,696)	121,473	-	(608,392)	38,578,165
Foster	1,222,365	17,806	(11,115)	22,333	13,442	2,830	-	2,394	-	47,690	1,270,055
Glocester	2,890,505	(58,590)	61,557	-	29,899	84,598	-	-	-	117,464	3,007,969
Hopkinton	6,340,957	325,112	(4,849)	-	-	-	-	-	-	320,263	6,661,220
Jamestown	794,918	(29,496)	(2,387)	16,322	-	(110,618)	-	(118)	-	(126,297)	668,621
Johnston	22,428,574	1,164,087	(49,361)	-	50,003	320,424	-	167,070	-	1,652,223	24,080,958
Lincoln	17,721,522	1,498,776	-	(710,359)	-	5,011	(4,339)	50,018	-	839,107	18,560,629
Little Compton	362,326	38,114	(10,328)	(55,312)	-	-	-	-	-	(27,526)	334,800
Middletown	7,897,254	(364,575)	(56,262)	(327,599)	-	120,221	-	9,487	-	(618,728)	7,278,526
Narragansett	2,256,135	(213,220)	(32,745)	85,357	-	96,665	-	281	-	(63,663)	2,192,473
Newport	15,212,110	(68,664)	(109,164)	-	-	(3,905)	(2,627)	215,336	-	30,977	15,243,086
New Shoreham	151,991	(22,381)	(583)	(39,836)	-	-	-	234	-	(62,566)	89,425
North Kingstown	11,921,360	1,763,091	(28,552)	(348,269)	-	(22,923)	-	29,092	-	1,392,441	13,313,800
North Providence	29,046,056	1,265,380	(14,088)	(507,184)	(25,847)	(92,913)	(7,279)	320,419	-	938,488	29,984,543
North Smithfield	7,606,634	437,198	(28,174)	-	17,007	(71,738)	-	7,661	-	361,954	7,968,588
Pawtucket	107,174,138	(818,996)	9,237	-	9,643	590,186	(34,653)	1,516,423	-	1,271,841	108,445,979
Portsmouth	3,593,688	164,510	(17,376)	(233,090)	-	(11,489)	(2,480)	3,445	-	(96,481)	3,497,207
Providence	282,866,332	(10,633,173)	3,284,184	-	97,932	(645,252)	(9,529)	7,606,918	-	(298,920)	282,567,412
Richmond	5,770,526	373,141	47,481	-	-	-	-	-	-	420,622	6,191,148
Scituate	3,717,597	(125,891)	(19,381)	109,096	(35,048)	(32,952)	-	514	-	(103,663)	3,613,934
Smithfield	8,926,874	817,816	74,677	-	(9,526)	43,259	(3,237)	12,034	-	935,023	9,861,897
South Kingstown	5,923,005	(200,024)	33,413	-	34,991	44,693	-	12,652	-	(74,276)	5,848,729
Tiverton	6,961,353	(227,186)	27,891	(681,548)	-	(379,238)	-	1,973	-	(1,258,107)	5,703,246
Warwick	45,898,470	546,743	(34,896)	-	13,901	(139,071)	4,506	90,002	-	481,185	46,379,655
Westerly	8,781,097	(174,200)	(51,930)	80,244	-	(101,057)	-	13,031	-	(233,912)	8,547,185
West Warwick	37,983,651	1,313,017	(178,919)	-	3,435	23,598	-	115,492	-	1,276,622	39,260,273
Woonsocket	82,872,750	(2,019,856)	796,332	-	(18,365)	229,616	-	1,062,075	-	49,802	82,922,553
Bristol-Warren	14,619,453	(737,378)	4,597	181,203	265,693	203,058	(3,186)	17,664	-	(68,350)	14,551,103
Exeter-West Greenwich	7,269,662	406,591	(34,097)	19,059	(113,318)	(29,473)	(7,621)	5,601	-	246,742	7,516,404
Charlho	3,184,800	-	-	-	180,779	73,377	-	5,430	-	259,586	3,444,386
Foster-Glocester	6,659,257	52,815	31,465	33,388	(25,127)	(133,276)	-	2,425	-	(38,310)	6,620,947
Central Falls	51,643,349	(2,070,524)	984,205	-	12,509	10,790	-	1,400,159	-	337,138	51,980,487
District Total	\$1,006,726,616	(\$524,639)	\$5,092,301	(\$4,508,910)	\$596,096	\$25,771	(\$74,758)	\$13,646,917	\$0	\$14,252,778	\$1,020,979,395
Charter School Total	156,608,570	17,328,745	-	-	-	(25,771)	-	2,758,624	-	20,061,598	176,670,169
Davies	15,663,857	279,352	-	-	-	-	-	48,660	1,562,208	1,813,669	17,554,078
Met School	10,682,968	93,195	-	-	-	-	-	106,610	36,910	236,715	10,919,683
Urban Collaborative	1,864,703	57,129	-	-	-	-	-	62,254	-	119,383	1,984,086
Youth Build Academy	1,892,543	425,399	-	-	-	-	-	26,321	-	451,720	2,344,263
Total	\$1,193,439,258	\$17,659,181	\$5,092,301	(\$4,508,910)	\$596,096	\$0	(\$74,758)	\$16,649,387	\$1,599,118	\$36,935,865	\$1,230,451,674

¹ Based on final 12/30/2023 final report from the Department of Children, Youth and Families. In the FY2024 Revised Budget, a total of 9 beds were added relative to the enacted level, including 1 in East Providence, 7 in Providence, and 1 in Warwick

² Based on October 2023 adjusted for 2024-25 PSOC.

Source: Rhode Island Department of Education

SCHOOL CONSTRUCTION AID

In 1960, the school housing aid program was enacted by the General Assembly to guarantee adequate school facilities for all public-school children in the state, and to prevent the cost of constructing and repairing facilities from interfering with the effective operation of the schools. Applications for aid to support the construction and renovation of school buildings are submitted to and evaluated by the Rhode Island Department of Elementary and Secondary Education (RIDE). State aid is provided for approved projects based on a percentage of cost. The percentage provided by the State to the school district is determined based on a share ratio designed to measure a community's need. For FY2024, the minimum state share is 35.0 percent and the maximum is 96.4 percent for Central Falls: the state share for charter schools is 30.0 percent.

The 2010 General Assembly passed legislation increasing the minimum share ratio for traditional school districts from 30.0 percent in FY2011 to 35.0 percent in FY2012 and to 40.0 percent in FY2013. The 2012 General Assembly froze the reimbursement rate at 35.0 percent, but provided that projects completed after June 30, 2010, that received approval from the Board of Regents by June 30, 2012, receive the 40.0 percent minimum.

The 2011 General Assembly enacted legislation that required RIDE to develop recommendations for cost containment strategies in the school housing aid program. The following recommendations were submitted on March 22, 2012:

- Establish capital reserve funds on the state and local level.
- Reduce the minimum share ratio.
- Limit costs associated with bonding by establishing a mechanism to allow districts with poor bond ratings to borrow at a lower interest rate, reduce the State's reimbursement rate on interest, and provide incentives for districts to refinance bonds.

Article 9 of the FY2019 Budget as Enacted provided temporary incentives to encourage districts to improve the condition of public-school buildings in Rhode Island, established a permanent incentive for school safety and security projects, and established school maintenance expenditure requirements.

The Budget provides \$106.2 million, an increase of \$2.0 million over the FY2024 Budget as Enacted. While the entire amount is expected to be used for housing aid entitlements, any surplus will be deposited into the School Building Authority Capital Fund. Based on December 2023 projections, housing aid entitlements are projected to increase to \$111.1 million in FY2026, \$125.4 million in FY2027, and \$152.7 million in FY2028. In FY2024, \$104.2 million was appropriated to the foundation program; however, \$101.5 million was spent leaving \$2.7 million to be transferred to the Capital Fund in the FY2024 Revised Budget.

School Building Authority Capital Fund: Article 9 of the FY2016 Budget as Enacted designated the Department of Elementary and Secondary Education (Department) as the State's School Building Authority (SBA) and charged the Department with implementing a system of state funding for school facilities, managing the school housing aid program, and developing a project priority system. The Authority oversees two distinct funding mechanisms for school facilities: the Foundation Program, as enumerated in RIGL 16-7-35 through 16-7-47, and the School Building Authority Capital Fund (Capital Fund), as created through the article. The FY2016 Budget added 1.0 FTE position to the Department for a new construction manager to assist in developing procedures for the proposed Capital Fund. In FY2016, the Department received a

one-time, pass-through appropriation of \$20.0 million in new general revenue to capitalize the Capital Fund, which is held in trust and administered by the Rhode Island Health and Education Building Corporation (RIHEBC).

The FY2019 Budget as Enacted required the SBA to provide technical assistance and guidance to school districts on the necessity of school construction application process; and provided that for FY2019 and FY2020 the amount transferred from the Foundation Program was to be used for this purpose. According to the SBA, each of the 38 LEA's that requested technical assistance in FY 2019 and FY 2020 were provided with an award for a total of \$3.7 million.

In FY2022, the Budget as Enacted provided \$590,814 in general revenue from the surplus construction aid to the Capital Fund; however, the revised budget provided a total of \$9.0 million in surplus funds. The increase was due to construction delays, caused by the COVID-19 pandemic, and bond refinancing. Several communities refinanced to take advantage of the low interest rates, saving a total of \$8.5 million in total debt service payments that was shared between the municipalities and the State.

In FY2023, in addition to the \$250.0 million school building bond referendum in Article 5, the FY2023 Budget as Enacted provided \$50.0 million in general revenue to the School Building Authority to address high-priority projects including upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students.

In FY2024, \$104.2 million was appropriated to the foundation program; however, \$101.5 was spent leaving \$2.7 million to be transferred to the Capital Fund in the FY2024 Revised Budget. Of these funds \$1.7 million be used for the [Get the Foam Out!](#) program and \$995,610 will go toward the [WELL Initiative](#).

School Construction Services (restricted receipts): Through Article 9, the FY2019 Budget as Enacted shifted the 3.0 FTE positions responsible for the administration of the school construction program from general revenue to a new school construction services restricted receipt account, and added 1.0 FTE Director of School Construction Services.

The restricted receipt account, named "School Construction Services", is funded by the Rhode Island Health and Education Building Corporation (RIHEBC) from the School Building Authority Capital Fund, fees generated from the origination of municipal bonds and other financing vehicles used for school construction, and its own reserves. There is no limit on the amount or type of expenses that will be funded; however, Article 9 limited the fee that RIHEBC can impose on cities, towns and districts to one tenth of one percent (0.001) of the principal amount of the bond. The shortfall between the revenue and the transfer is funded from RIHEBC reserves. In addition to the transfers to the SBA, since 2006, RIHEBC has transferred \$14.3 million to the state general fund, including \$6.0 million in FY2018.

	Transfers to the Capital Fund		
	Foundation Program	Other General Revenue	Total
FY2016 Actual	\$0.0	\$20.0	\$20.0
FY2017 Actual	11.0	-	11.0
FY2018 Actual	10.9	-	10.9
FY2019 Actual	14.7	-	14.7
FY2020 Actual	1.0	-	1.0
FY2021 Actual	1.0	-	1.0
FY2022 Actual	9.0	-	9.0
FY2023 Projected	3.8	50.0	53.8
Total	\$51.4	\$70.0	\$79.5

Source: Budget databases. \$ in millions

School Construction Services

	RIHEBC Bond Fee Revenue	Transferred to SBA	Difference
FY2019 Actual	\$681,447	(\$737,735)	(\$56,288)
FY2020 Actual	71,840	(770,946)	(699,106)
FY2021 Actual	303,180	(677,945)	(374,765)
FY2022 Actual	222,990	(257,613)	(34,623)
FY2023 Actual	85,000	(255,752)	(170,752)
FY2024 Projected	258,185	(265,500)	(7,315)
Total	\$1,622,642	(\$2,965,491)	(\$1,342,849)

Source: RIHEBC February 16, 2024.

The FY2025 Budget provides \$999,759 in total funding, including \$696,987 in general revenue and \$302,772 in restricted receipts, a total increase of \$3,903 over the FY2024 Budget as Enacted. The FY2024 Revised Budget provides \$992,388 in total funding, including \$691,021 in general revenue and \$301,367 in restricted receipts from RIHBC, a net decrease of \$3,468 from the enacted. In FY2023 2.0 new positions

and increased contracted services cost were added to manage the increased volume of applications related to the bond initiative.

Facility Equity Initiative Pilot Program: At the January 11, 2022, meeting, the Council on Elementary and Secondary Education approved funding for the Facility Equity Initiative pilot program to provide pay-go funding for high priority projects in school districts with reimbursement rates over 65.0 percent, including Central Falls, Pawtucket, Providence, West Warwick, and Woonsocket. This project would focus on high priority projects to improve the health and safety of students and promote equity across the State. The new Capital Fund will provide up-front funding instead of increasing the school construction allocation in the annual budget and reduce costs by eliminating interest payments on the funded projects.

The projects approved by the Council for FY2022 are supported with the \$9.0 million, from construction delays and bond refinancing, plus an additional \$3.0 million from prior year surpluses, and \$1.5 million in support from the Office of Energy Resources (OER) fund to the Facility Equity Initiative pilot program. The funding was distributed, in partnership with OER and the Division of Equity, Diversity, Inclusion (DEDI). After evaluating 53 applications from 5 LEAs, the funds were awarded to 5 districts on a priority basis designed to have the greatest impact on facility gaps between districts.

FY2022 SBA Capital Fund Facility Equity Initiative Pilot Program	
Central Falls	\$3.6
Pawtucket	4.4
Providence	4.5
West Warwick	0.5
Woonsocket	0.5
Total	\$13.4

While this program was only a pilot, with the approval of the \$250.0 million school construction bond in November 2022, Article 10 of the FY2023 Budget provided that \$50.0 million be transferred to the School Building Authority Capital Fund to address high-priority projects including upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students. The SBA expanded the pilot program to include the ten LEAs with a base reimbursement rate over 45.0 percent, thus doubling the number of eligible schools.

Of the \$50.0 million appropriated in FY2023, \$49.1 million was distributed as follows:

- \$26.0 million funded the Facility Equity Initiative, an additional \$4.0 million was contributed by the Office of Energy Resources.
- \$14.0 million (plus \$1.0 million from the career and technology school fund) was distributed through the 21st Century Technology and Equipment Funds to provide LEAs funds to ensure that learning spaces are equipped with technology, furniture, and equipment that support science technology, engineering, and math project-based learning.
- \$7.5 million was used for the Inside Out program to provide outdoor classrooms.
- \$1.6 million was awarded through the Menu for Success program providing students with the opportunity to design and operate food trucks.
- \$850,000 is being used toward the new W.E.L.L. Initiative to meet the holistic needs of student in the wake of the pandemic. Local education agencies will be eligible for up to \$150,000 depending on enrollment. LEAs will be provided with \$5,000 to conduct professional development to support the award. Additional funding for this initiative includes \$1.6 million in federal ESSER II funds and \$500,000 in Opioid Settlement funding.

FY2023 SBA Capital Fund Facility Equity Initiative Program	
Burrillville	\$0.3
Central Falls	4.2
Coventry	3.2
Cranston	1.9
East Providence	2.2
North Providence	2.8
Pawtucket	2.8
Providence	9.3
West Warwick	0.6
Woonsocket	2.9
Total	\$30.2

FY2024 Supplemental Budget

DEPARTMENT OF ADMINISTRATION

Debt Service -Other Debt Service Changes

(\$6.5 million)

The Budget includes \$56.6 million in general revenue for debt service expenses, reflecting a decrease of \$6.5 million from various adjustments from the FY2024 Budget as Enacted. The significant adjustments are a \$6.1 million decrease for the Central Falls School Project and a decrease of \$401,715 for debt service costs for the Clifford Street (Garrahy) Garage.

Other Debt Service	FY2024 Enacted	FY2024 Governor	Change
Central Falls School Project	\$13,355,000	\$7,221,799	(\$6,133,201)
Garrahy Courthouse Garage	1,298,298	896,583	(401,715)
All Other Debt Service Adjustments	48,434,068	48,434,068	-
Total	\$63,087,366	\$56,552,450	(\$6,534,916)

FEMA Contingency Reserve

\$5.0 million

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

Workforce Compensation and Classification Study

\$2.0 million

The Budget adds \$2.0 million in general revenue reflecting the reappropriation of unexpended funds from FY2023. Article 1 of the FY2023 Revised Budget contained proviso language to automatically reappropriate all unspent funds for the same purpose, to contract a management consultant to develop a workforce, efficiency, classification, and compensation study. Funds for the study were not originally required in FY2024 Budget as Enacted.

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

Tort Awards

\$825,000

The FY2024 Supplemental Budget includes \$1.5 million in general revenue for court tort awards, an increase of \$825,000 from the FY2024 Budget as Enacted, as a contingency to cover the cost of additional potential awards in FY2024. Funding in the tort account is used to pay for tort/court award judgments against the State of Rhode Island. According to the Department of Administration, "the requested increase is contingency for possible increases, as there are often substantial increases above the budgeted amount." However, the Department does not have further details regarding potential awards. The State's RIFANs accounting lists total expenditures of \$664,064 as of March 15, 2024.

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2024	
Torts - Court Awards	Actual	Actual	Actual	Actual	Actual	Actual	Enacted	Governor	Change
Taxable Claims/Settlements	\$300,000	\$254,973	\$355,000	\$504,116	\$940,130	\$389,681	\$675,000	\$1,500,000	\$825,000

Wrongful Conviction Awards

\$511,946

The Budget includes \$511,946 in general revenue in the FY2024 Supplemental Budget, which is entirely attributable to the reappropriation of unexpended FY2023 appropriations for wrongful conviction settlement awards anticipated to be disbursed in 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.

Homeland Security – State Match **(\$500,000)**

The Budget removes \$500,000 in general revenue for the State match associated with the federal government's State and Local Cybersecurity Grant Program authorized under H.R.3684 - Infrastructure and Jobs Act, Subtitle B - State and Local Cybersecurity Improvement Act, Sec. 70612 State and Local Cybersecurity Grant Program. The State will be receiving federal grant funding over four years to improve the cybersecurity maturity across State and local government and the required State match is now appropriated under the State and Local Cybersecurity Grant Program.

State and Local Cybersecurity Grant Program **\$250,000**

The Budget includes \$250,000 in general revenue to support the state match for \$4.5 million in federal funds, associated with the Federal Government's State and Local Cybersecurity Grant Program. The federal grant has a scaled State matching requirement over four Federal Fiscal Years. The federal awards are authorized under H.R.3684 Infrastructure and Jobs Act (IIJA) passed by the federal government in CY2021. Through the IIJA, Rhode Island will receive federal grant funding over four years to improve the cybersecurity maturity across state and local government. The state must ensure that 80.0 percent of federal funds are passed through or otherwise benefit local entities. There is a corresponding proposed appropriation of \$1.1 million in general revenue in the FY2025 Budget for the state match of the FFY2022 federal award.

Federal Lobbying Services **\$90,000**

The Budget includes \$90,000 in general revenue to fund a federal lobbying services contract. The Department of Administration (DOA), already has a contract for lobbying and advisory services to represent the State before federal policymakers, but not the funding in the budget for this purpose. The Budget includes a request to provide for this purpose. The Governor requested this funding last year but the General Assembly removed the funding from the enacted budget.

Analyst Note: The proposed FY2025 Budget includes \$180,000 in general revenue for the lobbying service.

The Division of Equity, Diversity, and Inclusion – Purchased Services **\$90,000**

The Budget adds \$90,000 in general revenue to contract for financing consultant work to assist the Division with the back log of Minority Business Enterprise (MBE)/ Women Business Enterprise (WBE) data to be entered into a software system.

Office of Management and Budget – Legal Services **\$80,000**

The Budget adds \$80,000 in general revenue for legal service costs in the Office of Management and Budget.

Debt Service - General Obligation Bond Changes **\$76,319**

The Budget includes \$99.7 million in general revenue to fund the cost of the State's general obligation debt service in FY2024, a net increase of \$76,319 as compared to the FY2024 Budget as Enacted. This reflects adjustments to several debt service accounts including a reduction of \$3.9 million for State general obligation debt service, that primarily reflects the delay of a new bond issuance. This decrease is offset by increases of \$1.9 million for the Rhode Island School Building debt service and a net increase of \$2.1 million on ten other debt service items.

General Obligation Bonds	FY2024 Enacted	FY2024 Governor	Change
G.O. Bond New Bond Issue Projected Costs	\$3,891,875	\$0	(\$3,891,875)
RI School Buildings	14,762,195	16,634,587	1,872,392
All Other G.O. Bond Adjustments	80,927,586	83,023,388	2,095,802
Total	\$99,581,656	\$99,657,975	\$76,319

ARPA CPF: Municipal and Higher Education Matching Grant (federal funds) \$23.4 million

The FY2024 Revised Budget includes \$81.7 million in federal American Rescue Plan Act (ARPA) funds for the ARPA Capital Project Funds (CPF) Municipal and Higher Ed Matching Grant Program, reflecting an increase of \$23.4 million from other unspent ARPA CPF. No funds have been expended from the project's FY2024 total allocation of \$81.7 million. The Department anticipates the first distribution of funds to occur in the third quarter of FY2024.

The FY2024 Budget as Enacted included these funds, of which \$35.0 million was added from repurposed ARPA Capital Project Funds (CPF) originally planned for the construction of a Student Services Center at Rhode Island College, to the ARPA CPF Municipal and Higher Ed Matching Grant Program, to renovate or construct community wellness centers that meet the U. S. Treasury's guidance for workforce development, education, and health maintenance.

CAA21 and ARP ERA: Emergency Rent Assistance (federal funds) (\$48.7 million)

The State received two tranches of federal funds for emergency rental assistance. The combined impact in the FY2024 Supplemental Budget reduces these federal funds by \$48.7 million for emergency rent assistance. The State received \$352.0 million from two federal authorizations to provide rent and utility assistance. The Budget includes appropriations of \$5.3 million in FY2024.

ARPA SFRF: COVID-19 Ongoing Response (federal funds) (\$20.6 million)

The Budget removes \$20.6 million in federal funding from the ARPA SFRF for COVID-19 Ongoing Response activities. 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.

ARPA SFRF Pandemic Recovery Office (federal funds) \$8.9 million

The Budget includes \$8.9 million in ARPA SFRF and CPF in FY2024 to finance the administration and operations of the Pandemic Recovery Office (PRO). This reflects \$4.8 million for the PRO administrative costs and \$4.1 million to administer the CPF grant from the U. S. Treasury.

Analyst Note: The appropriation for the Pandemic Recovery Office and the associated administrative costs were previously funded under the Accounts and Control program in the FY2024 Budget as Enacted.

IRA - Home Efficiency and Electrification Rebate Program (federal funds) \$5.5 million

The Budget includes \$5.5 million in federal funds reflecting early administrative funding received in the Summer of 2023 to allow states to ramp up the program. The full application will be submitted in the first or second quarter of 2024. The full launch of the program is expected in the Summer of 2024.

The State of Rhode Island will receive approximately \$32.0 million for the Home Efficiency and Electrification Rebate (HEER) program. The goal of the rebate program is to increase the energy efficiency in homes thereby decreasing residential energy bills and carbon emissions. The HEER program will provide

rebates to customers undergoing home energy improvements that are modeled to reduce energy use by a minimum of 20.0 percent.

IRA - Home Electrification and Appliance Rebate Program (federal funds) ***\$5.5 million***

The Budget includes \$5.5 million in federal funds reflecting early administrative funding received in the Summer of 2023 to allow states to ramp up the program. The full application will be submitted in the first or second quarter of 2024 and the full launch of the program is expected in the Summer of 2024.

The State of Rhode Island will receive approximately \$31.0 million for the Home Electrification and Appliance Rebates (HEAR) program. The goal of the rebate program is to increase the energy efficiency in homes thereby decreasing residential energy bills and carbon emissions. The HEAR program is income-restricted and will provide rebates on home electrification upgrades. The Office of Energy Resources is currently underway with developing implementation plans for the HEAR program.

ARPA SFRF: Electric Heat Pumps (federal funds) ***\$5.0 million***

The Budget includes \$25.0 million in federal ARPA SFRF funds, for continued support of the grant program within the Office of Energy Resources to assist homeowners and small business owners in purchasing and installing high-efficiency electric heat pumps. This reflects an increase of \$5.0 million over the amount in the FY2024 Budget as Enacted.

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

ARPA SFRF: Public Health Response Warehouse Support (federal funds) ***\$1.6 million***

The Budget includes \$3.0 million in federal ARPA SFRF funding for the storage of personal protection equipment (PPE) and other necessary COVID-19 response related supplies. This reflects an increase of \$1.6 million from the FY2024 Budget as Enacted.

The FY2024 Budget as Enacted included \$1.4 million in federal ARPA SFRF funding for the storage of personal protection equipment (PPE) and other necessary COVID-19 response related supplies. In addition, \$1.6 million was transferred into the account, for a total FY2024 Revised appropriation of \$3.0 million. Currently, the State is leasing two warehouses; one located at 2700 Plainfield Pike, in Cranston, and owned by EIM Plainfield Pike LLC; and the other is located at 100 Higginson Avenue, in Lincoln, and owned by Waterloo Way LLP. As of February 6, 2024, a total of \$765,052 has been expended leaving a balance of \$2.3 million for warehouse lease payments.

The costs of the warehouse, including lease payments, etc., are no longer eligible for FEMA reimbursement at 90.0 percent. The current plan is to use the appropriation to cover the warehouse costs until the funds are exhausted.

Bipartisan Infrastructure Law - SEP (federal funds) ***(\$132,271)***

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

In June 2022 the Office of Energy Resources (OER) received initial State Energy Program (SEP) formula funding (\$700,000 for FY2023) to meet the IIJA requirement to update the State's Energy Security Plan. The State Energy Security Plan (SESP) is a data collection and assessment effort related to the state's energy resources, infrastructure and vulnerability matters, including our delivered fuel (gasoline, diesel, jet fuel, heating oil) terminals within the Narragansett Bay. All State Energy Offices across the country are working on their SESP, per the federal infrastructure law. Rhode Island last completed a SESP in 2011-2012 period.

OER received the full federal award of \$3.2 million. Actual expenditure of the funds has been \$84,615 in FY2023 and the FY2024 Budget as Enacted included \$1.0 million. The FY2024 Supplemental Budget includes \$867,729 million, reflecting a decrease of \$132,271. The remainder of the funds will be budgeted in out-years based on the timelines of the studies and reports. OER will be requesting approval from DOE to use a large sum of the funding to offset the cost of electric vehicles within the State fleet. Funding will also be used to hire staff to implement all the Bipartisan Infrastructure Funding.

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

DEPARTMENT OF BUSINESS REGULATION

FY2023 DBR Reappropriation

\$465,280

The Budget proposes reappropriating \$465,280 for the expenses of the Explosives Operation Division and E-permitting. Though these items were budgeted and ordered in FY2023, the Department experienced supply chain issues that caused significant delivery and invoice delays. Additionally, funds for the E-permitting expansion were reappropriated as 2.0 municipalities have not completed the transition and a portion of work was delayed until FY2024. Expenses are as followed:

- Explosives Operation Division – Bomb Truck Shipping Delay (\$314,341)
- Explosives Operation Division – X-ray controller (\$8,774)
- E-Permitting – Unspent funds (\$142,165)

FY2023 OHIC Reappropriation

\$527,920

The Budget proposes reappropriating \$527,920 in general revenue to account for delays in procuring contracting for legislative mandated initiatives within the Office of the Health Insurance Commissioner. Due to these delays, OHIC was unable to expend all funds in FY2023. Reappropriations are as follows:

- **Ballit Health Purchasing LLC (\$30,128):** OHIC encourages insurers to provide policies that better the welfare of the public through efficiency, improved quality, and better health outcomes. Ballit Purchasing LLC aid OHIC in the implementation and compliance of the Affordability Standards, as well as, OHIC's Administrative Simplification Work Group.
- **Ballit Health Purchasing LLC (\$204,405):** These funds Support the Health Spending Accountability and Transparency Program. OHIC collects spending and utilization data, which aids the Office in implementing regulations that increases health care quality and efficiency while decreasing costs.
- **Milliman (\$293,387):** These funds support the Social and Human Service Program Rate Review, which is intended to evaluate Medicaid fee for service provider rates to determine equitability, and pay compatibility when compared to neighboring States. The review experienced delays in contract procurement in FY2023 which delayed reporting.

Insurance Regulation Workspace Remodel

\$200,000

The revised budget includes \$200,000 in general revenue to renovate the insurance regulation workspace. Currently, the workspace is 10-15 years old with dilapidated cubicles that lack power sources. Additionally, three floors in the DBR headquarters were updated after flooding in 2022. Insurance Regulation is experiencing high volumes of turnover and vacancies with 7 of 35 positions vacant. New office space may help attract and retain employees.

DEPARTMENT OF LABOR AND TRAINING***Skills for Rhode Island's Future*****\$4.0 million**

The Budget includes \$4.0 million of re-appropriated general revenue to support the Skills for Rhode Island's Future (Skills RI) program. Skills RI partners with Rhode Island healthcare systems to facilitate the outreach, recruitment, screening, placement, onboarding, supportive services, training curriculum assistance, and outcome reporting of medical personnel to address the heightened need for healthcare services in the state. The funding was a one-time appropriation for FY2023, during which the Department expensed \$1.9 million.

Unemployment Insurance Benefits (other funds)**\$65.2 million**

The Budget includes \$195.6 million in other funds for projected unemployment insurance benefit payments, reflecting an increase of \$65.2 million from the enacted level. The Department indicates that the calculation determining the benefit figures is based off of actual financial statements through August of 2023. In FY2023, unemployment insurance costs rose 5.0 percent from FY2022, although the Department projected a 15.0 percent decline. The Department notes that as of March 2024, unemployment insurance benefit payments are running 35.0 percent above the CY2022 level and therefore, a 30.0 percent increase in FY2024 and a 5.0 percent increase in FY2025 are projected.

Unemployment Trust Fund**Informational**

Article 3 of the FY2025 Governor's Recommended 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. The article grants the Director the ability to use discretion in selecting the computation date for tax year 2025 and authorizes the eligibility of all dates ranging from September 30 to December 31, 2024.

DEPARTMENT OF REVENUE***Director of Revenue*****\$101,211**

The Governor recommends an additional \$80,000 in the FY2024 Supplemental Budget for legal fees. The Office of Management and Budget budgeted these funds to cover the costs of outside bond council related to the Tidewater soccer stadium work. A portion of these costs have subsequently been covered by the closing on the sale of bonds in February, 2024. The Governor also recommends restoring \$21,211 in unachieved turnover savings.

Lottery Division (other funds)**\$32.4 million**

The Governor recommends \$31.8 million more of Lottery funds in FY2024 than the enacted level. This increase reflects adjustments to the amount of commissions and prize payments anticipated in the current year based upon the November 2023 Revenue Estimating Conference (REC) estimates of VLT net terminal income and other lottery games. Net terminal income from VLTs is estimated to total \$532.0 million and net table game revenue (NTGR) is estimated to total \$140.5 million. NTGR is deposited in the State lottery fund for administrative purposes with commissions distributed to Twin River and deductions made for casino operating expenses. The balance is remitted to the general fund. The sports betting handle is estimated to be \$478.0 million and the new iGaming product's gross gaming revenue is estimated to be \$11.6 million in FY2024.

The Governor also recommends \$628,396 in additional personnel costs for 12.0 new FTE positions to support iGaming. iGaming replicates casino-based gambling experience through online and digital applications, including live table games and slots. In June 2023, the General Assembly authorized iGaming and on March 1, 2024 it launched with an initial mix of 170 slot games, blackjack, and roulette and eventually increase to four more table games including poker.

Registry of Motor Vehicles**\$5.4 million**

The FY2023 Budget as Enacted included \$8.5 million in general revenue to fund the statutorily required reissuance of motor vehicle license plates. This includes \$5.7 million for the production of the new plates and \$2.8 million for postage. Pursuant to Article 1 of the FY2023 Budget as Enacted, all unexpended funds for the reissuance are automatically reappropriated into subsequent fiscal years. The Governor includes \$5.4 million to be reappropriated in FY2024.

State Aid**(\$28.0 million)**

The FY2024 Budget as Enacted includes \$28.0 million in general revenue within the Department of Revenue for a new state aid program that reimburses municipalities for lost revenue associated with a new statewide \$50,000 exemption on tangible property taxes, with the provision that any unused funds be subject to automatic reappropriation to the following fiscal year. The funds were appropriated as a placeholder with the understanding that implementation and reimbursements do not take place until FY2025. This timing is based on the tax assessment and certification schedule which doesn't finalized until August 2024. The Governor's FY2025 Budget reappropriates the funds in their entirety.

Taxation**(\$735,451)**

The Governor recommends reducing general revenue by a net \$735,451 in FY2024 to reflect changes in employee salary and benefits and adjustments to certain centralized services within the Division of Taxation. The following table summarizes these changes:

Category	FY2024 Enacted	FY2024 Governor	Change from Enacted
Assistance and Grants	(\$173,727)	(\$173,727)	-
Capital Purchases and Equipment	34,000	34,000	-
Contract Professional Services	5,948,157	6,259,557	311,400
Operating Supplies and Expenses	4,284,662	3,972,551	(312,111)
Salary and Benefits	24,511,877	23,777,137	(734,740)
Total	\$34,604,969	\$33,869,518	(\$735,451)

LEGISLATURE**Reappropriation****\$6.3 million**

Under RIGL 35-3-15, all unexpended balances of general revenue appropriations to the General Assembly are reappropriated in the following fiscal year for the same purposes. The General Assembly closed FY2023 with a surplus of \$12.5 million; however, it only requested \$6.3 million of this to be reappropriated in FY2024, with the remaining \$6.2 million becoming a part of the general surplus.

SECRETARY OF STATE**Election Expenses****(\$1.1 million)**

The FY2024 Revised Budget decreases by \$1.1 million in all funds from the FY2024 Budget as Enacted, primarily as a result of a \$1.1 million decrease in Software Maintenance Agreements due to the Board of Elections now being responsible for the cost of purchasing and maintaining voting equipment.

OFFICE OF THE GENERAL TREASURER**Unclaimed Property - Overtime (restricted receipts)****\$50,000**

The Budget includes \$103,848 in restricted receipts for overtime expenses. This is an increase of \$50,000 over the FY2024 Budget as Enacted, reflecting additional staff time to complete the on-site inventory of tangible assets.

Crime Victims Claim Payments (restricted receipts)**(\$175,000)**

The Budget includes \$380,000 in restricted receipts for claims and settlement payouts in FY2024, reflecting a decrease of \$175,000 from the FY2024 Budget as Enacted, consistent with the amount requested by Treasury. This decrease reflects continued lower projected receipts from court ordered restitution payments to victims of violent crime.

The following table illustrates the trend of declining revenue from the court fees from FY2013 to FY2023. Note that the projection for FY2024 is Treasury's annualized projection, based on total fiscal year collections of \$124,010 through January 2024. Based on current trends, Treasury is concerned about reaching the FY2024 projections and beyond.

Court Revenue	Amount
FY2012	\$1,079,792
FY2013	858,955
FY2014	809,288
FY2015	785,967
FY2016	838,621
FY2017	584,405
FY2018	536,217
FY2019	425,746
FY2020	368,660
FY2021	214,052
FY2022	409,804
FY2023	317,640
<i>FY2024</i>	<i>212,589</i>

Projected revenue in italics

BOARD OF ELECTIONS**Election Costs****\$710,496**

The FY2024 Revised Budget decreases express delivery funding by \$180,000 due to the extension of the current contract through the Presidential Preference Primary (PPP). The Budget also includes a reduction of \$57,500 for printing expenses. This is offset by an increase of \$907,996 in miscellaneous expenses due to the Board of Elections now being responsible for the cost of purchasing and maintaining voting equipment.

Election Costs	FY2024	FY2024	Change
	Enacted	Governor	
Public Finance of Elections	\$0	\$0	\$0
Seasonal Staff	382,172	347,172	(35,000)
Other Professional Services	155,000	230,000	75,000
Equipment Delivery	350,000	170,000	(180,000)
Printing - Outside Vendors	62,500	5,000	(57,500)
Miscellaneous Expenses	82,000	989,996	907,996
Total	\$1,031,672	\$1,742,168	\$710,496

RHODE ISLAND ETHICS COMMISSION**FY2023 Reappropriation - Case Management System****\$21,664**

The Budget reappropriates \$21,664 in general revenue for a conflict free, case management system. According the Commission, the current system has become obsolete, lacks functionality, and will no longer be supported by DOIT. The FY2023 Enacted Budget included \$30,000 for the system, however only \$8,336 was spent.

PUBLIC UTILITIES COMMISSION**State Property Rental Cost (restricted receipts) (\$333,240)**

The Budget removes the Public Utilities Commission (PUC) annual rent payment of \$333,420 in restricted receipts for the rental of the state-owned office building at 89 Jefferson Boulevard in the City of Warwick. Article 1, Section 21 of the FY2018 Budget as Enacted, increased the annual rental charge to the PUC from \$173,000 to \$333,240. On November 9, 2023, the Department of Administration notified the Commission that rent would no longer be charged to the Commission. The following day, the November Revenue Estimating Conference accepted the change from the Department of Administration and excluded the rental payment in projected departmental revenue for FY2024 and FY2025. This action results in reduced general revenue collection to the State.

Analyst Note: Although the Department of Administration was authorized to charge rent to the PUC, the Department made a management decision in 2023 to no longer levy the charge. The Department thought that it was not the standard business practice to charge rent to agencies for merely occupying state property. The Department generally charges agencies to recover the cost of actual services incurred centrally on an agency's behalf (e.g., maintenance, janitorial, security, furniture fixtures equipment, etc.)

EXECUTIVE OFFICE OF COMMERCE**Central Management (\$101,354)**

The Budget reduces personnel general revenue expenditures by \$101,354 in FY2024, accounting for \$50,000 in turnover savings and adjustments to medical and retirement expenses.

Commerce Programs (federal funds) \$16.6 million

The Budget adds \$16.6 million in federal funds to the current year budget within Commerce Programs to reflect the statutorily required reappropriation of unspent federal American Rescue Plan Act (ARPA) funds appropriated in previous fiscal years. This reappropriation consists of \$15.4 million in ARPA Capital Plan funds for broadband initiatives, \$999,940 for the State Fiscal Recovery Funded (SFRF) minority business accelerator program, and \$259,853 in SFRF-funded small business supports.

Economic Development Initiatives Fund (federal funds) \$600,368

The Budget adds \$600,368 in federal funds to the current year budget within the Economic Development Commerce Programs to reflect the statutorily required reappropriation of unspent federal ARPA SFRF funds appropriated in previous fiscal years. The reappropriation supports the Executive Office's program that markets Rhode Island as a destination to potential travelers in out-of-state markets served by the Rhode Island T.F. Green International Airport.

DEPARTMENT OF HOUSING**ARPA SFRF Initiatives (federal funds) \$73.9 million**

The Budget includes \$269.4 million in State Fiscal Recovery Funds, \$73.9 million more than the FY2024 Budget as Enacted, for 16 projects as illustrated in the below table. The increase represents the reallocation of unspent funds within seven projects from FY2023 towards the same purpose in FY2024. Of the total \$321.5 million allocation for the Department's SFRF initiatives, \$52.1 has been spent to date; \$20.8 million in FY2022 and \$31.1 million in FY2023. Values from both those years reflect values from the Office of Housing and Community Development within the Executive Office of Commerce (EOC), where these initiatives were originally located before the establishment of a standalone Department of Housing in January 2023.

ARPA SFRF Initiative	FY2022	FY2023	FY2023	FY2023	Change	FY2024	FY2024	FY2025	Change	Total	
	Actual*	Enacted*	Final*	Actual*		Enacted	Governor's Revised	Governor's Proposed			Change
Development of Affordable Housing	\$14.7	\$30.0	\$30.3		(\$30.3)	\$55.0	\$85.3	\$30.3	-	(\$55.0)	\$100.0
Homelessness Infrastructure		15.0	15.0	3.7	(11.3)	30.0	41.3	11.3	-	(30.0)	\$45.0
Targeted Housing Development		-	-	-		31.0	31.0	-	-	(31.0)	\$31.0
Down Payment Assistance		10.0	10.0	10.0	0.0	20.0	20.0	-	-	(20.0)	\$30.0
Site Acquisition	6.0	3.0	9.0	9.0	0.0	10.0	10.0	-	-	(10.0)	\$25.0
Home Repair and Community Revitalization		15.0	15.0	-	(15.0)	9.5	24.5	15.0	-	(9.5)	\$24.5
Homelessness Assistance Programs		7.0	8.5	5.6	(2.9)	13.0	15.9	2.9	-	(13.0)	21.5
Workforce and Middle-Income Housing		12.0	12.0	-	(12.0)	8.0	20.0	12.0	-	(8.0)	20.0
Affordable Housing Predevelopment Program		2.5	2.5	2.5		7.5	7.5	-	-	(7.5)	10.0
Housing Related Infrastructure		-	-	-		4.3	4.3	-	-	(4.3)	4.3
Municipal Homelessness Support		-	-	-		2.5	2.5	-	-	(2.5)	2.5
Municipal Planning		-	-	-		2.3	2.3	-	-	(2.3)	2.3
Statewide Housing Plan		2.0	2.0	-	(2.0)	-	2.0	2.0	-	-	2.0
Predevelopment and Capacity Building	0.1	0.5	0.9	0.5	(0.4)	0.5	0.9	0.4	-	(0.5)	1.5
Proactive Housing Development		-	-	-		1.4	1.4	-	-	(1.4)	1.4
Preservation of Affordable Housing Units		-	-	-		0.5	0.5	-	-	(0.5)	0.5
Total	\$20.8	\$97.0	\$105.2	\$31.3	(\$73.9)	\$195.5	\$269.4	\$73.9	-	(\$195.5)	\$321.5

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

* FY2022 and FY2023 levels reflect the amount included for the Office of Housing and Community Development within the Executive Office of Commerce (EOC)

- Development of Affordable Housing:** The Budget includes no additional funding for this initiative in FY2025, a decrease of \$55.0 million as compared to the FY2024 Budget as Enacted. This initiative has a total appropriation of \$100.0 million to provide an enhanced gap-financing subsidy for affordable housing developments serving households earning no more than 80.0 percent of area median income (AMI). Three rounds of funding have been conducted for awards under the program, with the third round of applications under review by RIHousing as of February 7, 2024. Projects from the first two rounds of awards are either already under construction or moving towards closing by September 2024. The third round of funding, which is expected to award the remainder of the project’s available funds, is anticipated to be awarded by May 2024 with an estimated closing date of early 2025.

The funding also includes a requirement to provide \$10.0 million for the establishment of a pilot program supporting low-income public housing through project-based rental assistance vouchers and financing for pre-development, improvement, and housing production costs. This project has begun awarding grants for technical assistance and predevelopment funding on a rolling basis and these awards are expected to be closed by the end of FY2024. The project also put out an RFP for redevelopment funding, which resulted in 3 awards anticipated to range in closing from the end of FY2024 to the third quarter of FY2025.

The FY2024 Governor’s Revised Budget adds \$30.3 million to the \$55.0 million included in the FY2024 Budget, shifting unspent funds from FY2023 forward and bringing the total FY2024 allocation to \$85.3 million.

- Homelessness Infrastructure:** The Budget includes no additional funding for this initiative in FY2025, a decrease of \$30.0 million as compared to the FY2024 Budget as Enacted. This initiative has a total appropriation of \$45.0 million to expand the capacity of the shelter system to address homelessness in the State, including allocating \$10.0 million to increase permanent supportive housing through Crossroads Rhode Island.

The non-Crossroads allocation of the funding for this initiative is divided into a Phase I, with a \$5.0 million allocation, and Phase II, with a \$30.0 million allocation. As of January 2024, Phase I has spent approximately \$4.1 million of the appropriation, with an additional \$0.7 million selected for award. Phase II has spent, obligated, or committed approximately 80.0 percent of its funding, with \$10.0 million allocated for acquisitions and \$20.0 million allocated for warming center capacity and the Consolidated Homeless Fund (CHF). The Department has several initiatives in progress, including a purchase and sale agreement for the acquisition of the former Charlesgate Nursing Home and a contract with House of Hope for the creation of Echo Village, a 45-unit pallet shelter. The Crossroads funding is supporting the construction of a new facility which will contain 176 one-bedroom units with private bathrooms and kitchens to replace a similar building with shared bathrooms and kitchens. The

groundbreaking for this project took place in August 2023 and the project is anticipated to be completed by December 2025.

The FY2024 Governor's Revised Budget adds \$11.3 million to the \$30.0 million included in the FY2024 Budget shifting unspent funds from FY2023 forward and bringing the total FY2024 allocation to \$41.3 million.

- **Targeted Housing Development:** The Budget includes no additional funding for this initiative in FY2025, a decrease of \$31.0 million as compared to the FY2024 Budget as Enacted. This initiative has a total appropriation of \$31.0 million for two sub-programs related to the development of housing in targeted areas and/or priority projects, including development of permanent supportive housing and housing in transit-oriented districts.

The project includes \$27.0 million for a priority projects fund, which is intended to provide funding for the development of new supportive housing and multi-family units for housing that is difficult to build with traditional financing tools, with a particular focus on housing for older adults, veterans, individuals transitioning out of state care, and individuals with disabilities. Funding for this portion of the project was included in the Consolidated Housing Fund RFP through RIHousing in November 2023, and awards are expected to be made in May 2024. RIHousing received \$61.0 million in requests for the available \$27.0 million in funding.

\$4.0 million is also included to provide funding for the development of housing in areas designated by municipalities as Transit-Oriented zones due to their proximity to public transit. Projects that receive this funding must have at least 10.0 percent of units designated for households earning at or below 80.0 percent of average median income (AMI), with priority given to projects with a higher percentage of units at or below AMI. Funding for this portion of the project was also included in the Consolidated Housing Fund RFP through RIHousing in November 2023, and awards are expected to be made in May 2024. RIHousing received \$10.9 million in requests for the available \$4.0 million in funding.

- **Down Payment Assistance:** The Budget includes no additional funding for this initiative in FY2025, a decrease of \$20.0 million as compared to the FY2024 Budget as Enacted. This initiative has a total appropriation of \$30.0 million to provide financial resources to eligible first-time home buyers to help lower down payment costs and promote homeownership. The appropriation provides \$10.0 million in FY2023 and \$20.0 million in FY2024.

Funding for this initiative has been fully committed. As of February 7, 2024, the program had awarded 1,497 contracts for assistance, with \$1.1 million in pending awards and \$2.7 million in available funding. The program had previously awarded all funds and was closed to new applicants, however a slightly higher attrition rate than anticipated resulted in the \$2.7 million available balance. RIHousing briefly reopened the program to new applicants in order to distribute the remaining funds but has since closed the program again due to high demand. It is anticipated that all funds will be awarded by the end of CY2024.

- **Site Acquisition:** The Budget includes no additional funding for this initiative in FY2025, a decrease of \$10.0 million as compared to the FY2024 Budget as Enacted. This initiative has a total appropriation of \$25.0 million to support the acquisition of properties for redevelopment as affordable and supportive housing for households earning no more than 80.0 percent of area median income (AMI). The program includes \$6.0 million in FY2022, \$9.0 million in FY2023, and \$10.0 million in FY2024.

As of February 7, 2024, 40 projects have been awarded funding on a rolling basis through this program. 24 of these projects have closed and secured sites for the development of affordable housing, with the additional 6 closings scheduled by the fourth quarter of FY2024. \$1.2 million of the funds remain to be committed, and the Department and RIHousing have indicated that the project will close out all of these funds by the end of FY2024.

- Home Repair and Community Revitalization:** The Budget includes no additional funding for this initiative in FY2025, a decrease of \$9.5 million as compared to the FY2024 Budget as Enacted. This initiative has a total appropriation of \$24.5 million to expand RIHousing's acquisition and revitalization program, which finances the acquisition and redevelopment of blighted properties to increase the number of commercial and community spaces in disproportionately impacted communities and/or to increase the development of affordable housing. The program is intended to service communities in predominately low-and-moderate-income census tracts and households earning no more than 80.0 percent of area median income.

Of total project funding, \$20.0 million is allocated for community revitalization efforts and \$4.5 million for a home repair program. The community revitalization program has conducted two funding rounds, with the second round of applications under review by RIHousing as of February 7, 2024. It is anticipated that the second round of awards will result in all remaining funding being awarded. One project from the initial round of funding is already under construction, with the additional projects moving towards closing in FY2024 and awards from the second round of funding anticipated to close in early 2025. The home repair program has issued a tentative award to an administrative agency following an RFP which closed on January 11, 2024. The agency is expected to be contracted by March 2024, fully obligating the funds, with a program roll out by summer 2024 for a program that is anticipated to operate for about 18 months.

The FY2024 Governor's Revised Budget adds \$15.0 million to the \$9.5 million included in the FY2024 Budget, shifting unspent funds from FY2023 forward and bringing the total FY2024 allocation to \$24.5 million.

- Homelessness Assistance Programs:** The Budget includes no additional funding for this initiative in FY2025, a decrease of \$13.0 million as compared to the FY2024 Budget as Enacted. This initiative has a total appropriation of \$21.5 million to increase available shelter beds and statewide housing stability services, including the provision of services such as homelessness prevention, rapid rehousing, and emergency shelter to groups that have traditionally struggled with access to services.

Funds for this program are anticipated to be fully obligated by the end of FY2024, with nearly all funds from the FY2022 and FY2023 appropriations already committed and all funds for FY2024 either committed or in the process of being contracted. The program has provided housing stability services to 1,503 people and warming center services to 110 people, with a positive destination exit rate of 16.0 percent. The program has also secured 112 rapid rehousing units and increased statewide shelter capacity by 30.0 percent as compared to the previous winter.

The FY2024 Governor's Revised Budget adds \$2.9 million to the \$13.0 million included in the FY2024 Budget, shifting unspent funds from FY2023 forward and bringing the total FY2024 allocation to \$15.9 million.

- Workforce and Middle-Income Housing:** The Budget includes no additional funding for this initiative in FY2025, a decrease of \$8.0 million as compared to the FY2024 Budget as Enacted. This initiative has a total appropriation of \$20.0 million to increase the housing supply for both rental housing and homeownership for families earning between 80.0 percent and 120.0 percent of area median income (AMI).

The program has conducted two rounds of funding, with the second round of applications under review by RIHousing as of February 7, 2024. Of the projects already awarded funding, one is already under construction while the remainder are working towards closing in FY2024. Projects awarded in the second round of funding are expected to have closing dates in early 2025, and the funding awarded in this round is anticipated to result in the distribution of all remaining funds.

The FY2024 Governor's Revised Budget adds \$12.0 million to the \$8.0 million included in the FY2024 Budget, shifting unspent funds from FY2023 forward and bringing the total FY2024 allocation to \$20.0 million.

- **Affordable Housing Predevelopment Program:** The Budget includes no additional funding for this initiative in FY2025, a decrease of \$7.5 million as compared to the FY2024 Budget as Enacted. This initiative has a total appropriation of \$10.0 million to support predevelopment work for proposed affordable housing developments to build a pipeline of new projects and build the capacity of affordable housing developers in the state to expand affordable housing production. As of February 7, 2024, RIHousing has approved 44 awards, 23 of which have closed. It is anticipated that final awards for the program, which are distributed on a rolling basis, will close by the fourth quarter of FY2024. The project includes \$2.5 million in funding for FY2023 and \$7.5 million in FY2024.
- **Housing Related Infrastructure:** The Budget includes no additional funding for this initiative in FY2025, a decrease of \$4.3 million as compared to the FY2024 Budget as Enacted. This initiative has a total appropriation of \$4.3 million to allocate funds to the Rhode Island Infrastructure Bank (RIIB) in support of physical infrastructure such as roads, sewer connections, and utility capacity, that is necessary to produce additional housing. RIIB issued an RFP on January 17, 2024, to formally establish the program, and awards are anticipated by spring 2024. It is expected that funds will be spent by spring 2025.
- **Municipal Homelessness Support:** The Budget includes no additional funding for this initiative in FY2025, a decrease of \$2.5 million as compared to the FY2024 Budget as Enacted. This initiative has a total appropriation of \$2.5 million to provide grants for community services that would help emergency shelters improve outcomes in local communities, including but not limited to homeless outreach, day programs, ambulance response, and subsidizing municipal services delivered in support of shelters.

Funding for this program has been divided into three sub-programs of award categories: formula grants, competitive grants, and emergency winter hub grants. Applications for funding through this program opened on October 31, 2023. To date, the Department has approved three applications for emergency winter hubs, one each in Woonsocket, Newport, and West Warwick, as well as one competitive grant application. If funds are available, the Department intends to run a second round of applications next winter, with an anticipated conclusion of the program at the end of the winter of 2024-25.

- **Municipal Planning:** The Budget includes no additional funding for this initiative in FY2025, a decrease of \$2.3 million as compared to the FY2024 Budget as Enacted. This initiative has a total appropriation of \$2.3 million including \$1.3 million to support a municipal fellows program and \$1.0 million to provide technical assistance grants to municipalities for Transit-Oriented Development (TOD).

Following an RFP for a program manager which closed on January 18, 2024, a contract was anticipated to be awarded for the municipal fellows portion of the program in early spring 2024. The program is intended to be a two-year program ending in the second quarter of CY2026, with the grant solicitation for municipalities expected to be issued in April 2024. A grant RFP for the technical assistance portion of the program has been designed and approved and is anticipated to be issued in the spring of 2024. Funding for this portion is intended to be issued on a rolling basis until funding is fully obligated, which the Department anticipates will be in FY2024 based on demand and level of interest expressed in the design portion of the program.

- **Statewide Housing Plan:** The Budget includes no additional funding for this initiative in FY2025 and shifts \$2.0 million in unspent funds from FY2023 into FY2024, an increase of \$2.0 million in FY2024 as compared to the FY2024 Budget as Enacted. This initiative has a total appropriation of \$2.0 million to support the development of a statewide comprehensive housing plan including funding for municipal planning efforts.

Analyst Note: *The Department appears to have shifted the project description for this initiative. Statutory language for the Statewide Housing Plan SFRF project is as follows: “These funds shall be allocated to the development of a statewide comprehensive housing plan to assess current and future housing needs, consider barriers to home ownership and affordability, and identify services needed for increased investment toward disproportionately impacted individuals and communities. These funds shall be used to support municipal planning efforts to identify and cultivate viable sites and housing projects”.*

In a February 8, 2024, hearing on SFRF projects, the Department of Housing provided an update on this project that indicated a preference towards a “set of work” made up of multiple unique plans rather than a standalone unified housing plan. In a written update on the project, the Department updated the project description to include “plans” rather than one singular plan, and highlighted RFPs which have been issued within the project scope for School Cost Fiscal Impact Analysis, a Green Housing Consultant, and A/E Feasibility Studies.

A second phase of the project appears to have the intention of engaging municipalities, but it is not specifically clear how this will meet the statutory language requiring the project to “support municipal planning efforts” as written above.

- **Predevelopment and Capacity Building:** The Budget includes no additional funding for this initiative in FY2025, a decrease of \$500,000 as compared to the FY2024 Budget as Enacted. This initiative has a total appropriation of \$1.5 million to support increased contract staffing capacity to administer proposed affordable housing projects.

Funding from this initiative has allowed the Department to hire ten contract staff to support initiatives related to the Department’s goals and assist Rhode Islanders experiencing homelessness through program design, development, and implementation. \$985,454 of the funding has been spent as of February 7, 2024, with a remaining \$416,870 projected to be spent by the end of CY2024.

The FY2024 Governor’s Revised Budget adds \$400,000 to the \$500,000 included in the FY2024 Budget, shifting unspent funds from FY2023 forward and bringing the total FY2024 allocation to \$900,000.

- **Proactive Housing Development:** The Budget includes no additional funding for this initiative in FY2025, a decrease of \$1.4 million as compared to the FY2024 Budget as Enacted. This initiative has a total appropriation of \$1.4 million to support a new initiative focused on proactive development activities, including staffing, to be conducted by the enhanced subsidiary of the Rhode Island Housing and Mortgage Finance Corporation established under Article 6 of the Budget. The new subsidiary was officially established by RIHousing at their January board meeting, and the entity had its first board meeting on January 11, 2024.
- **Preservation of Affordable Housing Units:** The Budget includes no additional funding for this initiative in FY2025, a decrease of \$500,000 as compared to the FY2024 Budget as Enacted. This initiative has a total appropriation of \$500,000 to support the preservation of existing structures for affordable housing, particularly for properties at risk of foreclosure or blight. An RFP for this project was posted with solicitation open through January 29, 2024. Six responses were received to be evaluated, with an award expected to be made by the end of the first quarter of CY2024. The selected vendor will establish and operate a revolving loan fund to prevent the loss of affordable housing units that are at risk due to foreclosure.

EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES***November 2024 Caseload Estimating Conference* (\$29.4 million)**

The FY2024 Revised Budget includes a net general revenue decrease of \$29.4 million (\$137.5 million all funds) to reflect the results of the November 2023 Caseload Estimating Conference (CEC). The estimates project total Medicaid spending of \$3,381.7 million in FY2024, including \$1,237.5 million from general revenues. The favorable variance is due to updated pricing and declines in enrollment. Rhode Island began the redetermination process on April 1, 2023, allowing the termination of enrollees no longer meeting the Medicaid eligibility requirements beginning in June 2023.

***Certified Community Behavioral Health Clinic (CCBHC)* (\$4.4 million)**

Article 9 of the FY2024 Revised Budget moves the statutory deadline for establishing a Certified Community Behavioral Health Clinic (CCBHC) model from February 1, 2024, to July 1, 2024, to reflect the updated project timeline, and provides that changes in federal guidance or requirements may delay the implementation of certified clinics. The delay results in a general revenue decrease of \$4.4 million (\$11.4 million all funds) in FY2024, and \$16.0 million in general revenue (\$42.8 million all funds) in FY2025.

DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES***ARPA SFRF: Psychiatric Residential Treatment Facility (federal funds)* \$9.6 million**

The Budget includes \$9.6 million in State Fiscal Recovery Funds to expand in-state capacity at private facilities, as well as the initial design of a new qualified residential treatment facility. This is a reappropriation of unspent funds included for the same purpose in the FY2023 Budget as Enacted. Construction on the capacity expansion project at St. Mary's Home for Children in North Providence was paused in July 2023 after a soil contaminant issue was discovered, but it is expected to resume in spring 2024 and the project remains on schedule for the start of operations in spring 2025.

***ARPA SFRF: Lead Abatement and Fire Safety in Foster Homes (federal funds)* (\$375,000)**

The Budget removes \$375,000 in State Fiscal Recovery Funds (SFRF) originally intended to provide financial assistance to foster families for costs related to lead remediation and fire safety. The Department, in consultation with the Pandemic Recovery Office (PRO), determined that both the fire safety and lead abatement portions of this project would be unable to meet their federal obligation deadline and the funds would instead be made available for repurposing to projects that can be implemented quickly in order to meet federal obligation requirements for SFRF projects. The project also included \$1.5 million in FY2023.

***ARPA SFRF: Provider Workforce Stabilization (federal funds)* \$357,545**

The Budget includes \$8.3 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF), an increase of \$357,545, to provide premium pay for child welfare staff at private, community-based providers that contract with the Department of Children, Youth, and Families. FY2024 is the final year that this initiative is active, and this adjustment shifts the balance of remaining funds from previous years to support continued payments to providers. To date, the project has spent \$6.8 million in FY2022, \$7.7 million in FY2023, and \$3.2 million in FY2024, for an overall project total of \$17.7 million. The providers have reported a net gain of 184 staff through November 30, 2023.

DEPARTMENT OF HEALTH***Indirect Cost Recoveries (restricted receipts)* (\$1.5 million)**

The Budget includes a net decrease of \$1.5 million related to changes in the indirect cost recovery expenditures resulting from changes in various federal grant programs accounts within DOH. This decrease is attributable to the decrease of COVID-19 awards in FY2023 and based on the most recently ended state fiscal year FY2023, which ended on June 30, 2023. The Department utilizes indirect cost recovery funds for state supported operational costs to federal programs or activities.

In accordance with RIGL 34-4-23.1, the Department applies for federal indirect cost recoveries through an indirect cost proposal, which is submitted directly to the Department of Health and Human Services (DHHS). To receive this reimbursement, the Department submits an indirect cost proposal requesting federal approval of the indirect rate for the upcoming fiscal year

First Connections Transfer to EOHHS **(\$252,652)**

This Budget consists of a technical change, removing \$252,652 in all funds from RIDOH to account for the transfer of RIDOH's funding for the first connections program. The FY2024 Budget as enacted transferred the Medicaid billing portion of the Department's family home visiting program to ensure an easier billing process for providers. However, the FY2024 budget did not remove the funds from RIDOH.

Family Home and Visiting **(\$1.6 million)**

This Budget consists of a technical change, removing \$1.6 million in all funds from RIDOH to account for the transfer of RIDOH's funding for the family home visiting program. The FY2024 Budget as Enacted transferred the Medicaid billing portion of the Department's family home visiting program to ensure an easier billing process for providers. However, the FY2024 budget did not remove the funds from RIDOH.

ARPA SFRF: Public Health Clinics **\$3.7 million**

The Budget increases federal American Rescue Plan Act (ARPA) funds by \$3.7 million to reflect the disbursement of one-time funds used to support grants to the Rhode Island Free Health Clinic and Open Doors Health.

COVID-19 Adjustments (federal funds) **(\$17.0 million)**

The Budget decreases federal funds by \$17.0 million to reflect expenditures towards the State's response to the COVID-19 pandemic. Expenditures are funded through the Consolidated Appropriations Act 2021, the CARES Act, PPHCE, FEMA disaster resources, and from the American Rescue Plan Act (ARPA) direct appropriations. The funding within the Department of Health supports efforts in testing, contact tracing, vaccination, other public health-related activities, and the construction of a new State Health Laboratory. The Budget includes \$83.8 million in ARPA funds and \$26.7 million in the other COVID-19 funds.

Rhode Island Statewide Opioid Abatement Account (restricted receipts) **\$2.3 million**

The FY2023 Budget as Enacted established the Opioid Abatement Account within the Executive Office of Health and Human Services (EOHHS) to place distributions from various opioid settlement agreements into Department's restricted receipt accounts. These funds are dedicated to forward-looking abatement efforts as defined through settlement agreements. The Department has received \$4.0 million of these funds to complete opioid abatement activities. These funds will be used to support the Department street outreach initiative and naloxone (Narcan) distribution.

The Department's street outreach initiative employs mobile units to connect with populations who are at risk of drug use and overdose. The mobile unit provides services and supplies to individuals who may be unable to travel to clinics that provide similar services. The main component of this initiative is that the mobile unit provides basic needs, harm reduction tools, and peer recovery support to vulnerable populations.

Opioid Stewardship Fund (restricted receipts) **\$612,206**

The Governor's budget includes \$2.4 million in restricted receipts to support the Department's share of the Opioid Stewardship Fund, an increase of \$612,206 from the FY2024 Budget as Enacted. The Opioid Stewardship Fund supports opioid treatment, recovery, prevention, and education services. The Department of Health uses these funds to support harm reduction centers, harm reduction mobile outreach projects, overdose death detection, and substance exposed newborn interventions.

McKinsey Opioid Abatement (restricted receipts)**\$243,107**

The Governor recommends an increase of \$243,107 in FY2024, exhausting all funds in the account. These funds supported harm reduction centers and naloxone purchases. The Department plans to continue these activities and other strategies that mitigate opioid overdose deaths with other funding sources.

DEPARTMENT OF HUMAN SERVICES**Early Head Start Supplemental Support (federal funds)****\$3.0 million**

The Budget includes \$3.0 million in federal funds to account for an increase in Early Head Start funding. Early Head Start working with children from birth to age 3, creating a strong foundation for early childhood learning. These funds support increased state cost per child for existing 130 early pre-k slots to align with federal cost per child. These funds will also support classroom reopening that were not operational in the 2022-2023 school year.

Indirect Cost Recoveries (restricted receipts)**\$1.1 million**

The Budget includes \$1.4 million in restricted receipts related to indirect cost recovery expenditures, an increase of \$1.1 million from FY2024 Budget as Enacted, resulting from an accumulation of funds through FY2021 to FY2023. These funds will be used to reimburse lost SNAP benefits to skimming, increasing staff at the call center, and purchasing two new vehicles.

In accordance with RIGL 34-4-23.1, the Department applies for federal indirect cost recoveries through an indirect cost proposal, which is submitted directly to the Department of Health and Human Services (DHHS). To receive this reimbursement, the Department submits an indirect cost proposal requesting federal approval of the indirect rate for the upcoming fiscal year.

Child Support Enforcement Case Management System Transition**(\$184,167)**

The Budget includes a shift of \$184,167 in general revenue from FY2024 to FY2025 to support the transfer of RIKidsBridge, the primary mainframe utilized by the Office of Child Support Enforcement, off the mainframe and into a web-based platform. While the mainframe is utilized by the Office, it has become outdated (designed in the early 1990s). Additionally, by CY2028, the Office will be the only tenant following the end of the current contract. The system supports approximately 70,000 child support cases, collecting about \$93.0 million in child support annually.

LIHEAP (federal funds)**\$4.5 million**

The Budget includes an increase of \$4.5 million (\$32.7 million total) in federal funds to reflect a one-time appropriation for low-income energy, heating, and weatherization assistance. Rhode Island's Low-Income Home Energy Assistance Program (LIHEAP) helps low-income residents by providing assistance that offset the costs of home energy

CNOM Savings**(\$2.3 million)**

The Budget includes a decrease of \$2.3 million in general revenue to account for updated utilization rates, which the Office originally overestimated based on FY2023 Enacted rates. CNOM, or costs not otherwise matchable, are finances spent on population and services not covered by Medicaid. These expenses include, but are not limited to, dentures, most dental care, hearing aids and fittings, and long term/ custodial care and the Department is experiencing a decrease in these services. OHA reports that the Office continues to see program growth, but have not yet returned to pre-pandemic levels as there is decreased utilization in housekeeping, meal service, adult day care, health centers, and other assistance to individuals 65 and older. There is a corresponding federal funds decrease of \$3.1 million.

The Budget includes \$1.3 million in general revenue savings related to CNOM home care co-payments, resulting in decreases in both State and federal appropriations. However, the Office of Management and Budget (OMB)

inadvertently included the decrease. The Office expects a Governor's Budget Amendment (GBA) remedying the decrease.

Elderly Transportation **\$841,802**

The Budget includes an increase of \$841,802 in general revenue for an anticipated increase in elderly, non-emergency transportation. As gas tax revenue begins to decrease, the contract for non-emergency services have grown. These additional funds are sourced from the old gas tax revenue that was not spent or transferred to OHA. These funds supplement the deficit created by the loss of gas tax revenue.

SNAP Retail Incentives Pilot **\$909,749**

The Budget includes a \$909,749 increase in federal funds to support the SNAP Eat Well Be Well incentive program.

The FY2023 Budget as Enacted appropriated \$11.5 million towards that Department's SNAP Retail Incentive Pilot program, which provided additional bonus dollars in the form of a discount or rebate on fruits and vegetables purchased by a SNAP recipient to encourage purchasing and consuming healthy fruits and vegetables. SNAP recipients received fifty cents (\$0.50) for every one dollar (\$1.00) spent on fruits and vegetables. This program took effect on January 1, 2023, and will continue until all funds are expended.

SNAP is a vital to safeguarding food security throughout Rhode Island with approximately 1 in 7 Rhode Island households receiving SNAP Benefits in 2019. According to the Department, the average family of four receives \$425 a month. According to the Department, while these funds help ease food insecurity throughout the State, they are not enough to secure a nutritious and well-balanced diet. This program aims to lessen the burden of Rhode Island's low-income households by providing an enhanced 50.0 percent reimbursement for every dollar spent on fruits and vegetables.

The Eat Well Be Well initiative was passed by the 2022 General Assembly; however, it was unable to secure a vendor in time for FY2023, therefore funds were reallocated to FY2024 Enacted. The Program officially launched on 1/23/2024.

Families First: Enhanced EBT for SNAP (federal funds) **(\$12.6 million)**

The Budget includes a decrease of \$12.6 million in federal funds which supported enhanced benefits for SNAP recipients. In March of 2020, the Families First Coronavirus Response Act gave the U.S. Department of Agriculture (USDA) the authority to temporarily modify procedures to increase access to SNAP benefits to families who struggle during the pandemic. According to Federal Rule, these funds can be used to provide benefits to households with school aged children who receive free and reduced-price meals at school through the National School Lunch Program. The end of the public health emergency stopped pandemic electronic benefits transfers (P-EBT), however benefits were extended to school aged children and children under aged six who were eligible for free and reduced lunch through the Summer months of calendar year 2023. These benefits have ceased completely; however, the Department recently enrolled in a Summer SNAP program to offset any adverse effects of ending these benefits

SNAP Benefits (federal funds) **\$2.5 million**

The FY2024 Budget includes \$349.4 million in federal funds for SNAP benefits, an increase of \$2.5 million from the FY2024 Budget as Enacted. This increase is primarily attributable to the anticipated COLAs for beneficiaries. Each federal fiscal year, the United States Department of Agriculture (USDA) Food and Nutrition Service (FNS) adjusts the maximum allotment based on changes in cost of living. Starting federal fiscal year 2024, the average family of three will receive \$766 a month with new allotment regulations, an increase of \$26 a month.

Refugee Assistance – General Public Assistance (federal funds) **\$1.6 million**

The Budget includes \$1.6 million in federal funds to support the Refugee Cash Assistance Program. The program provides cash benefits to refugee adults without children, and the increase in federal funding is

attributable to an increase in federal support as well as increased numbers of refugees coming to Rhode Island.

Caseload Estimating Conference - RI Works Changes (federal funds) (52,936)

The Budget includes a decrease of \$52,936 in federal funds within the RI Works program as a result of the November 2023 Caseload Estimating Conference (CEC). The November 2023 CEC adopted a RI Works caseload estimate of 8,520 at a monthly cost of \$233 per person. The FY2024 Governor's Budget makes no changes to the CEC estimates. The total federal fund cost of the RI Works program in FY2024 is \$25.9 million, a decrease of \$52,936 from the FY2024 Enacted level. The RI Works program is primarily funded through the federal Temporary Assistance to Needy Families (TANF) grant.

Caseload Estimating Conference – Child Care Assistance Program Changes (federal funds) (\$4.1 million)

The Budget includes a \$4.1 million decrease in federal for child care assistance in FY2025 as determined in the November 2023 Caseload Estimating Conference (CEC). The November 2023 CEC assumed a decrease of 726 child care subsidies, the cost per subsidy increased by \$100 compared to the FY2024 Budget as Enacted, to \$10,750.

November CEC (\$482,200)

The November 2023 Caseload Estimating Conference (CEC) adopted an SSI estimate of 31,000 persons at a monthly cost of \$44.50, and \$59,000 for transaction fees. This was a decrease of 900 persons and a decrease of \$0.01 per person relative to the FY2024 Budget as Enacted. State Supplemental Income (SSI) is a federal program that provides monthly cash payments to individuals in need. Eligible beneficiaries are aged 65 or older; or blind or disabled; or are a child under the age of 18 with a disability; and must have little to no income and few resources.

DEPARTMENT OF BEHAVIORAL HEALTHCARE, DEVELOPMENTAL DISABILITIES, AND HOSPITALS

November 2023 Caseload Estimating Conference \$10.4 million

The Department increases all funds by \$23.3 million all funds, including \$10.4 million in general revenues, to reflect the caseload adopted at the November 2023 Caseload Estimating Conference. This increase captures higher than anticipated costs in Residential and Community Based Services, including the addition of a support services expansion and an increase in the RIPTA contract.

Opioid Abatement Fund Adjustments (restricted receipts) \$2.6 million

The Budget includes \$7.8 million in restricted receipts, an increase of \$2.6 million as compared to the FY2024 Budget as Enacted, for the Department's allocation of Rhode Island Statewide Opioid Abatement funds. The funds are distributed among the following projects.

- **Basic Needs/Emergency Financial Assistance- \$365,915:** The Budget includes \$365,915 for emergency financial assistance for people in recovery and/or needing access to treatment. The funds are distributed to six recovery community centers, the BH Link behavioral health triage center, the Rhode Island outreach (RIO) pilot program, and RICARES.
- **Safe Landings - \$350,000:** The Budget includes \$350,000 for the Safe Landings program, which provides short-term stabilization services for individuals dealing with opioid/stimulant use related crises.
- **Brick & Mortar Facility Investments - \$1.5 million:** The Budget includes \$1.5 million for investments in brick and mortar facilities to expand residential beds for individuals with substance use disorders.
- **Contingency Management - \$300,000:** The Budget includes \$300,000 for investments in contingency management practices. Contingency management is the only evidence-based practice for the care and

treatment of stimulant use disorders. Rhode Island is currently implementing contingency management practices with an estimated 130 clients diagnosed with opioid or stimulant use disorders.

- **SUD Residential and Workforce Supports - \$1.1 million:** The Budget includes \$1.1 million for Substance-Use Disorder (SUD) residential and workforce supports. This funding assists with increased family supports, as well as the planning of a Behavioral Healthcare Stimulant Conference to address the uptick in stimulant-related overdoses, in particular through the development of a treatment program that contains a specific track to address cocaine and methamphetamine use disorders.
- **Recovery Supports - \$450,000:** The Budget includes \$450,000 for recovery community centers to increase the recovery capital of members and residents. Examples of recovery capital include gym memberships, transportation, self-help groups, employment services, and additional support resources.
- **Recovery Housing - \$750,000:** The Budget includes \$750,000 for recovery housing. The funding is intended to sustain FY2023 Stewardship funding for recovery housing for resident awards unable to be covered through the State Opioid Response grant.
- **Investment in School-Based Mental Health - \$2.4 million:** The Budget includes \$2.4 million to sustain youth prevention programming in FY2024.
- **MAT Coverage for Undocumented and Uninsured- \$550,000:** The Budget includes \$550,000 to sustain FY2023 stewardship funding allocated to covering Medication-Assisted Treatment (MAT) services for people who are uninsured and/or undocumented.

Opioid Stewardship Fund Adjustments (restricted receipts)

\$1.8 million

The Budget includes \$3.7 million in restricted receipts, an increase of \$1.8 million as compared to the FY2024 Budget as Enacted, for the Department's allocation of Opioid Stewardship Funds. The funds are distributed among the following projects.

- **SUD Residential Services - \$67,901:** The Budget includes \$67,901 for residential service supports for individuals with substance use disorders.
- **BHOLD Expansion - \$341,490:** The Budget includes \$341,490 for the expansion of the Rhode Island Behavioral Health On-line Data (BHOLD) system.
- **Hope Initiative - \$600,000:** The Budget includes \$600,000 for the Hope Initiative. This funding supports reporting of suspected overdose death information to the Department and community providers, case management and support services, Substance Use Disorder (SUD) treatment, Narcan distribution, and follow-up care.
- **Recovery Friendly Workplace - \$200,000:** The Budget maintains \$200,000 in funding to supplement the Recovery Friendly Workplace Initiative. The Initiative assists workplaces providing support to employees in recovery, as well as those impacted by substance use disorders.
- **Recovery Housing - \$900,000:** The Budget maintains \$900,000 in funding for recovery housing. These funds are specifically for clients who do not have an opioid or stimulant addiction.
- **Substance Abuse Prevention Task Force - \$500,000:** These funds represent a portion of the Opioid Stewardship Fund allocation which must be distributed equally to the seven Regional Substance Abuse Prevention Task Forces to fund priorities as determined by each Task Force.
- **Student Assistance - \$799,569:** The Budget includes \$799,569 for student assistance programs.

GOVERNOR'S COMMISSION ON DISABILITIES***Livable Home Modification Grant Program******(\$555,750)***

The Budget continues funding for the Livable Home Modification Grant Program and includes \$1.3 million in general revenue to support the Livable Home Modification Grant Program in the FY2024 Revised Budget. The program received an additional \$500,000 appropriation in FY2023 to cover a projected surge in post-pandemic applications for assistance. The FY2024 Revised Budget includes the reappropriation of \$555,750 from the previous fiscal year, as the FY2023 Budget as Enacted included proviso language requiring all unexpended or unencumbered funds be reappropriated to the ensuing fiscal year (FY2024).

ELEMENTARY & SECONDARY EDUCATION***Elimination of 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; however, the funding remains in FY2025 in order to comply with RIGL 16-95-4(c), The Recovery High Schools Act. Article 11 of FY2017 Budget as Enacted amended RIGL 16-95-4 to provided for the appropriation but limited it to FY2017. Article 12, of the FY2018 Budget as Enacted amended the statute to make the appropriation ongoing.

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.

Textbook Reimbursement***(\$179,734)***

The State reimburses districts for the cost of providing free English/language arts and history/social studies textbooks to students in kindergarten through 12th grade who reside in the community. The FY2023 Budget as Enacted provided \$240,000 in state funding for the reimbursement of costs for textbooks. Based on the third quarter report, the Budget reduces funding for this program by \$179,734 to reflect actual costs in FY2024.

PUBLIC HIGHER EDUCATION***Rhode Island Promise******(\$1.0 million)***

The FY2024 Revised Budget includes a decrease of \$1.0 million in general revenue to align with updated enrollment projections. According to the November Promise Report, the FY2024 Enacted overfunded the program by \$1.0 million, expecting enrollment into the program to increase.

Hope Scholarship***(\$1.6 million)***

The Budget includes a \$1.6 million general revenue decrease to align with updated enrollment projections. According to Rhode Island College the FY2024 Enacted overfunded the program by \$1.0 million, expecting enrollment into the program to increase.

Shepard Building***(\$373,391)***

The Budget includes a net decrease of \$373,391 to support changes to operating and parking expenditures at the Shepard Building. The Budget proposes moving the Office into the Shepard building and includes a decrease of \$597,000 for renegotiations of the parking and operating contracts. Currently, URI resides in the Shepard Building and OPC supports their parking contract. As OPC, along with other State agencies, prepares to move into the building, the parking contract will be renegotiated so that each residing agency covers their share of the parking and operating costs. The Revised budget includes \$223,609 to support furniture, fixtures, and other supplies required for the move.

American Rescue Plan Act Funding Changes**(\$20.0 million)**

The Budget includes a \$20.0 million decrease in ARPA SFRF funds, primarily attributable to the reorganization of funding to support URI's PFAS Water Treatment project. These funds have been entirely replaced with RICAP funds in the FY2025 Budget due to concerns regarding the timeliness of the project and a risk of the federal government reclaiming those funds. Changes to ARPA SFRF funding are illustrated in the following table.

ARPA SFRF Fund Changes	FY2024 Enacted	FY2024 Revised	Change from Enacted
PFAS Water Treatment	\$20,000,000	\$0	(\$20,000,000)
RI Reconnects	8,000,000	8,000,000	-
Fresh Start Scholarship	5,000,000	5,000,000	-
RIC Cybersecurity Center	2,000,000	2,000,000	-
Total	\$35,000,000	\$15,000,000	(\$20,000,000)

OFFICE OF THE ATTORNEY GENERAL**Computer Equipment****\$334,535**

The Budget includes \$334,535 of net general revenue throughout the Office's programs to support the purchase of computer equipment. The adjustment includes carry-over funds from FY2023 to support the completion of the Disaggregated Hyperconverged Solution Infrastructure Refresh" IT project.

DEPARTMENT OF CORRECTIONS**Restoration of Enacted Reduction Items****\$7.2 million**

The FY2024 Revised Budget includes \$7.2 million in general revenue for personnel overtime expenditures related to the current year deficit and to restore the unachieved savings from the planned closure of 13 housing modules. In addition to the \$20.0 million of SFRF, the Budget provides \$7.2 million to further reduce the Department's deficit, specifically overtime incurred as a result of additional housing modules being open. The following table depicts the overtime expenditures reduced by facility.

Facility	General Revenue
Intake Services Center	\$1,923,743
Maximum Security	1,856,557
Medium Security - Moran	1,334,086
Women's Facilities	1,214,522
Minimum Security	463,653
High Security	405,759
Total	\$7,198,320

Per Diem Adjustment**\$2.9 million**

The Budget includes an additional \$2.9 million in general revenue related to an increase in the costs of the Department's per diem expenses. The adjustment includes \$1.2 million for contract professional services and \$1.6 million for operating supplies and expenses. The increase in food costs is the largest expenditure, with the Budget providing an additional \$994,569 of general revenue. The following table depicts the Department's per diem adjustment.

Contract Services	General Revenue
Nursing Home/Convalescent Care	\$675,833
Doctors/Dentists	434,599
Laboratory Testing	228,594
Hospital Treatment	(75,724)
Other Medical Services	(28,714)
Sub-Total	\$1,234,588

Operating Supplies and Expenses	General Revenue
Food	\$994,569
Janitorial Supplies & Equip	235,385
Pharmaceuticals	205,637
Client Clothing/Uniforms	74,248
Linen and Laundry	54,607
Program Supplies & Equip	31,310
Medical Supplies (non-Rx)	17,281
Kitchen/Household Supplies & Equip	13,221
Sub-Total	\$1,626,258

Total	\$2,860,846
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Increase in Operating and Contract Services**\$2.2 million**

The Budget provides an additional \$2.2 million in general revenue related to an increase in the costs of the Department's operating and contract services. The adjustment includes a \$1.6 million increase for operating supplies and expenses in addition to a \$524,890 increase for contract services. The Department experienced exorbitant rising costs in recent years related to inflation and disruptions in the supply chain. Significant increases include: \$489,687 for building maintenance and repairs, \$317,599 for contracted security services, \$259,931 for the rental and lease of equipment, \$208,223 for staff clothing and uniforms, and \$207,878 for grounds maintenance.

RIBCO: Nursing Agreement**\$1.7 million**

The Budget includes \$1.7 million in general revenue as a reserve to account for increased nursing staff personnel costs related to the upcoming agreement with the Rhode Island Brotherhood of Correctional Officers. The increase represents adjusted pay scales and benefits including tuition reimbursement and retroactive payments. The Department indicates that the agreement has not been finalized but is in its final stages. The FY2025 Governor's Budget includes a corresponding \$1.8 million of general revenue as a reserve for the agreement.

Deputy Chief Inspector 1.0 FTE**\$191,516**

The Governor recommends \$191,516 in general revenue to support the salary and benefits of 1.0 new Deputy Chief Inspector position in the Office of Internal Affairs. The Deputy Chief Inspector will provide additional oversight to the office, which oversees the investigations of inmates, and address the current caseload which the Department describes as unsustainable and requires additional staff. A Human Resource Program Administrator at the Department of Administration (DOA) accepted a three-day rule position as a Deputy Chief, Inspector with the DOC. The DOA transferred the position which led to the DOC exceeding their FTE position cap. The Budget rectifies the violation by increasing the Department's FTE cap, providing funding, and keeping the employee on the three-day rule. The employee is currently serving in

an acting capacity and the Department anticipates the position will be filled by the end of February 2024. The FY2025 Budget includes a corresponding general revenue expenditure of \$194,118 for the position.

ARPA SFRF: Restoration of Enacted Reduction Items (federal funds) \$20.0 million

The FY2024 Revised Budget includes \$20.0 million in American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) for the Department of Corrections to partially resolve the current fiscal year deficit related to unachieved savings from the planned closure of 13 housing modules. The Department indicates that the housing modules will remain open and the projected savings will not be achieved due to several factors. The Department originally cited COVID-19 protocols and preventative measures related to violent individuals as the primary rationale for the continued closure, as time progressed the primary reason shifted to an increase to the DOC’s population. The SFRF will be used to fund the increased overtime incurred by personnel as a result of the housing modules remaining open, which the Office of Management and Budget indicates are qualified expenses for the program under the revenue replacement category.

State Criminal Alien Assistance Program (federal funds) \$1.3 million

The Budget includes an additional \$1.3 million in federal funds related to the State Criminal Alien Assistance Program (SCAAP), reflecting a total of \$2.6 million in FY2024. SCAAP funds supplement the State’s cost of incarcerating undocumented criminals with at least one felony or two misdemeanors, for a minimum of four consecutive days. The Department indicates that they received \$1.3 million more than originally projected in SCAAP funding and will implement it to offset general revenue personnel expenditures. The following table illustrates how the Department will expend the increased funding.

SCAAP Funding	Federal Funds
Regular Wages	\$871,223
Employees' Retirement	261,519
FICA: Social Security	66,648
Retiree Health Insurance	44,799
Assessed Fringe Benefits	29,375
Fees: Single Audit	298
Total	\$1,273,862

Opioid Stewardship Fund (other funds) \$645,002

The Budget includes \$2.0 million in other funds related to the Opioid Stewardship Fund in the Healthcare Services program, reflecting an increase of \$645,002 from the enacted level.

MILITARY STAFF

ANG Facilities (federal funds) \$6.8 million

The Budget includes \$6.8 million in federal funds for various capital projects. At the time of the capital improvement budget submission, it was thought that these projects would be billed through “Appendix 31” of the federal Cooperative Agreement for “100% Air Guard Minor Construction”. The project and estimated expenses are:

ANG Facilities	Federal Funds
Lighting and EMCS Building	\$1,900,000
Allied Support for Mobile range	1,200,000
Reconstruct Parking Lot (B11/B523)	1,200,000
state Lighting Project	1,125,000
DSN Repair Squad Ops	600,000
Design for Building 1 Demo	250,000
Contingency/Operating	117,000
Duct Cleaning Basewide	100,000
Encore repairs	100,000
Re-Mark Apron	50,000
Replace Generator (B575)	50,000
Masonry Repairs	43,000
New Entry to Guardsmont Room (B502)	25,000
Upgrade of HVAC System (B108)	15,000
Load Test on Tie-Downs	12,500
Renovate Bathroom (B575)	10,000
DSN Age Wall	10,000
Total	\$6,807,500

Miscellaneous Minor Construction (federal funds) (\$3.8 million)

The Budget includes \$16.4 million in federal funds for numerous miscellaneous minor capital and asset protection projects that are partially or fully paid with federal funds. This is a decrease of \$3.8 million from the FY2024 Budget as Enacted.

Quonset Air National Guard Facility (RICAP funds) \$3.0 million

The largest expenditures of the Military Staff budget occur at the Rhode Island Air National Guard facilities at Quonset, which will receive federal appropriations of \$15.0 million in FY2024 and \$20.0 million in FY2025, and \$3.0 million in RICAP funds in FY2024, to construct a new Quonset Air National Guard Headquarters Facility.

Quonset Airport Runway Reconstruction (RICAP funds) (\$769,128)

The FY2024-FY2029 capital budget includes \$58.0 million in federal funds and RICAP funds from FY2024 - FY2026 for the reconstruction of the Quonset Airport runway at military specifications. The project will be financed by \$55.0 million in federal funds, comprised of \$25.1 million from the Federal Aviation Administration, and \$29.8 million from the National Guard Bureau. \$3.0 million from the RICAP Fund will serve as state matching funds for the project. The FY2024 Supplemental Budget includes \$1.0 million, a decrease of \$769,128 from the FY2024 Budget as Enacted.

RHODE ISLAND EMERGENCY MANAGEMENT

Personnel, Contract Services, and Operating Changes (federal funds) (\$2.7 million)

The Budget includes \$15.0 million in federal funds for personnel, contract services, and operating costs, reflecting a decrease of \$2.7 million in federal funds from the FY2024 Budget as Enacted. The largest component of the decrease is \$3.6 million for municipal and state repair projects and plowing costs associated with the January 29, 2022, blizzard, referred to as Winter Storm Kenan.

Personnel, Contract Services, Operating, Capital - Federal	FY2024 Enacted	FY2024 Governor	Change
Winter Storm Kenan Project and Management Costs	\$6,900,148	\$3,303,544	(\$3,596,604)
EMPG 2022 Emergency Management Preparedness Grant	2,799,737	3,104,689	304,952
EMPG 2023 Emergency Management Preparedness Grant	-	961,443	961,443
SLCGP 2022 - State and Local Cybersecurity Grant Program	-	2,190,331	2,190,331
EMPG 2021 Emergency Management Preparedness Grant	1,712,489	693,192	(1,019,297)
All Other Personnel, Contract Services, Operating, Capital - Federal	6,278,099	4,703,589	(1,574,510)
Total	\$17,690,473	\$14,956,788	(\$2,733,685)

Disaster and Emergency Preparedness Grants (federal funds) (\$5.2 million)

The Budget includes \$15.5 million in federal funds for various federal grants and reimbursements received for storm and natural disaster events. This appropriation is \$5.2 million less than the FY2024 Budget as Enacted. These funds also reimburse preparedness efforts for terrorist threats, active shooters, hazardous material containment, and other emergency events. The preparedness efforts are intended to improve and enhance the State's ability to prevent, deter, respond to, and recover from threats and incidents. Federal grant funds vary from year to year depending upon the number and severity of natural disasters and the availability of federal funds for non-disaster grants. The following table highlights the more significant changes in the FY2024 Supplemental Budget.

RIEMA Federal Grants	FY2024 Enacted	FY2024 Governor	Change
FEMA 4505 Hazard Mitigation	\$6,025,000	\$240,968	(\$5,784,032)
SHSP 2023 State Homeland Security Grant	-	1,920,304	1,920,304
EMPG 2021 Emergency Management Preparedness Grant	1,594,778	87,643	(1,507,135)
SHSP 2020- State Homeland Security Grant Program	1,661,691	434,675	(1,227,016)
NPSG 2023 Non Profit Security Grant	-	1,064,184	1,064,184
EOCGP 2023 (Glocester) - Emergency Operations Center Grant	-	1,000,000	1,000,000
All Other Grants	11,432,727	10,731,372	(701,355)
Total	\$20,714,196	\$15,479,146	(\$5,235,050)

RICAP – RISON Infrastructure Upgrades (RICAP funds) \$762,273

The Budget includes \$2.0 million in RICAP funds in FY2024 to upgrade the RISON system. The project scope includes propane generator replacements, adding propane generators to sites currently without one, and other security and wiring upgrades.

RICAP – Emergency Management Building (RICAP funds) \$250,000

The Budget includes \$250,000 in RICAP funds in FY2024 to fund a feasibility study of warehouses, to determine whether to construct a new structure or remodel the current facility that is used to store the RISON communications equipment, vehicles, and support staff.

DEPARTMENT OF PUBLIC SAFETY**ARPA SFRF: Support for Survivors of Domestic Violence (federal funds) \$3.5 million**

The Budget shifts \$3.5 million of SFRF from FY2023 to FY2024 for the Support for Survivors of Domestic Violence program, reflecting a total expenditure of \$10.5 million, all of which occur in FY2024. The shift relates to a delay in evaluation of the RFP, which occurred in December 2023 and January 2024. The following table summarizes the funds to be awarded.

Non-Profit	Award Amount
Sojourner House	\$5,233,728
Blackstone Valley Advocacy Center	2,211,961
Crossroads RI	1,224,425
Family Service of RI	1,097,336
McAuley Ministries	406,611
Total	\$10,174,061

Sheriffs and State Police Motor Vehicles \$3.9 million

The Budget includes \$3.9 million in general revenue for the purchase of vehicles supporting the State Police and Sheriff divisions in FY2024. The vehicles will be purchased outright with agency surplus utilized through excess turnover in the respective divisions. The initiative includes \$3.3 million for the State Police

program to purchase 51 vehicles and \$602,000 for the Security Services program for the purchase of 7 vehicles. The FY2025 Budget includes an additional \$211,000 in loan repayment expenditures for the State Police, reflecting vehicles that were financed through the revolving fund.

Turnover

\$727,827

The Budget includes \$1.4 million in general revenue savings related to turnover throughout the Department, reflecting a net decrease of \$727,827 in savings from the enacted level of \$2.1 million. The adjustment includes a \$1.8 million decrease in turnover savings for the State Police offset by a \$1.1 million increase in savings for the Security Service program. The Budget authorizes the Department to utilize turnover savings in order to fund the out-right purchase of vehicles in FY2024.

OFFICE OF THE PUBLIC DEFENDER

Salary and Benefit Adjustment

(\$456,845)

The Budget includes \$13.6 million of general revenue to support the salary and benefits \$456,845 decrease in general revenue within the Office of the Public Defender. The adjustment primarily reflects a \$352,437 decrease in salaries which includes a \$224,864 increase in turnover savings. The following table illustrates the adjustment.

Salary and Benefits Adjustment	FY2024 Enacted	FY2024 Governor	Change
Salaries	\$8,610,640	\$8,258,203	(\$352,437)
Benefits	5,144,478	5,055,799	(88,679)
Statewide Benefit Assessment	338,061	322,332	(15,729)
Total	\$14,093,179	\$13,636,334	(\$456,845)

ENVIRONMENTAL MANAGEMENT

Disposal of Firefighting Foam

\$200,000

The Budget includes \$200,000 for the disposal of the remaining empty containers that held firefighting Aqueous Film Forming Foam (AFFF) containing perfluoroalkyl and polyfluoroalkyl substances (PFAS), a form of forever chemicals, held by fire departments in the State. Of this total, \$100,000 was repurposed from unutilized funds and \$100,000 in new funding was provided. In FY2023, \$136,750 was spent to dispose of the foam. Once the containers are disposed of, the Department will begin the removal and cleanup of PFAS contaminated apparatus. The Department had requested \$100,000 in FY2024 and \$150,000 in FY2025 for this project; however, the Governor did not recommend funding in FY2025.

Abandoned Vessel Removal

\$400,000

The Budget includes a restricted receipt increase of \$400,000 (\$520,000 total funding) for the removal and disposal of the barge that sank in the Providence River in October 2017. The vessel is located approximately 500 feet offshore of property at 170 Allens Avenue in Providence and approximately 80 feet from the nearest pier. Generally, the owner of the vessel is responsible for removing abandoned vessels and in 2018 the owner of the vessel was ordered to remove it; however, it remained and DEM issued an enforcement violation in 2019. Since the owner has since deceased, the vessel is considered orphaned and will be removed by DEM. Pursuant to RIGL 46-6-10.4, the restricted receipts used to fund the removal of abandoned vessels and other obstructions come from a fee assessed at the time of vessel registration.

DEPARTMENT OF TRANSPORTATION

Highway Maintenance Account (other funds)

\$91.8 million

The Budget includes \$199.3 million in Rhode Island Highway Maintenance Account funds (HMA), an increase of \$91.8 million from the FY2024 Budget as Enacted. The Road and Bridge fund receives the

largest appropriation, increasing by \$91.4 million from the FY2024 Budget as Enacted to \$166.0 million. The following table illustrates the HMA expenditure increase.

RIHMA Expenditure	FY2024 Enacted	FY2024 Governor	Change
Road And Bridge	\$74,532,350.0	\$165,969,577.0	\$91,437,227
State Match	12,013,126	12,800,000	786,874
Highway Drainage	6,171,268	6,000,000	(171,268)
RIPTA Transfer	10,105,916	9,936,133	(169,783)
Mixed Projects	4,670,284	4,586,774	(83,510)
Total	\$107,492,944	\$199,292,484	\$91,799,540

Motor Fuel Tax Transfers (other funds)

\$2.4 million

The Budget includes \$65.7 million in gas tax transfers, reflecting an increase of \$2.4 million from the FY2024 Budget as Enacted. The Department of Transportation transfers motor fuel tax revenue to the Rhode Island Public Transit Authority (RIPTA), the Rhode Island Bridge and Turnpike Authority (RITBA), and services debt from GARVEE bonds. The Department also transfer RIPTA the Authority's \$0.05 per gallon share of the Environmental Protection Fee. The following table illustrates the gas tax appropriations and reflect the Office of Revenue Analysis' May 2023 and November 2023 estimates.

Motor Fuel Tax Transfers	FY2024 Enacted	FY2024 Governor	Change
RIPTA	\$38,361,452	\$39,838,215	\$1,476,763
RITBA	14,515,144	15,073,919	558,775
Debt Service	8,294,368	8,613,668	319,300
Environmental Protection Fee*	2,073,592	2,153,417	79,825
Total	\$63,244,556	\$65,679,219	\$2,434,663

* Represents RIPTA's share of Environmental Protection Fee

Vehicle Maintenance (other funds)

\$9.3 million

The Budget includes \$15.6 million in other funds for vehicle maintenance in the Infrastructure-Maintenance program, reflecting an \$9.3 million increase from the FY2024 enacted level of \$6.3 million. The adjustment includes increases of \$5.7 million for capital purchases and equipment and \$3.6 million for operating supplies and expenses, offset by a \$65,260 reduction in salary and benefits. The Department expends these funds to purchase industrial vehicles, such as heavy trucks, sweepers, backhoes and tractors in order to replace the program's existing fleet.

288 Allens Avenue Facility Purchase (other funds)

(\$7.6 million)

The Budget shifts \$8.0 million in other funds from FY2023 to FY2024 for the Department's purchase of the currently leased facility located at 288 Allens Avenue. The Department has been leasing the facility to store equipment and vehicles since FY2019 and was authorized to purchase the facility in FY2023. Due to a delay, the Department was unable to complete the purchase in FY2023 and is now expecting to make the purchase in FY2024. In addition to the shift, the Budget adds \$360,000 for updated leasing expenditures, reflecting a net reduction of \$7.6 million.

RIHMA Revenue Projection Adjustment (other funds)

(\$2.6 million)

The Budget includes \$103.9 million of revenue collected by the Rhode Island Highway Maintenance Account (RIHMA), reflecting a \$2.6 million decrease from the FY2024 enacted level. The estimate of revenue collected from the Motor Vehicle Title Fees exhibited a \$1.6 million reduction offset by a \$750,763 increase in revenue from the Licenses and Registration base. The following table illustrates the revenue estimates and reflect the Office of Revenue Analysis' May 2023 and November 2023 estimates.

	FY2024 Enacted	FY2024 Governor	Change
Fees and Surcharges			
Licenses and Registrations Base	\$54.2	\$54.9	\$0.8
Licenses Surcharge	5.5	5.1	(0.4)
Vehicle Registrations Surcharge	16.1	14.9	(1.2)
Rental Vehicle Surcharge	4.4	4.4	0.0
Emission Inspection Fees	14.4	14.1	(0.3)
Motor Vehicle Title Fees	11.6	10.1	(1.6)
Good Driving Fees	0.3	0.3	0.0
RIHMA Total	\$106.5	\$103.9	(\$2.6)
5% Share to General Revenues	5.3	5.2	(0.1)
Remaining RIHMA Funds	\$101.2	\$98.7	(\$2.4)
5% Share to RIPTA	5.1	4.9	-0.1
\$5.0 million Transfer to RIPTA	5.0	5.0	0.0
DOT Share	\$91.1	\$88.8	(\$2.3)

\$ in millions

Source: ORA May 2023 and November 2023 Estimates

Winter Maintenance Operations (other funds)

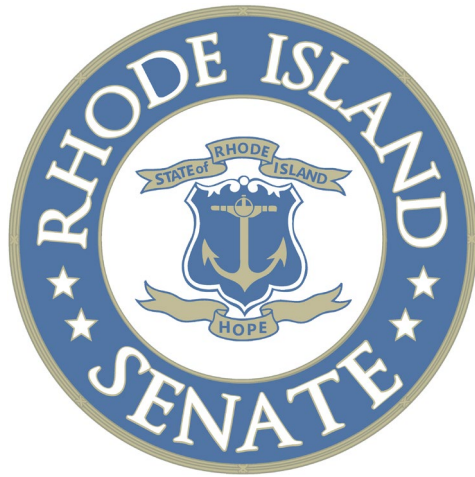
\$3.0 million

The Budget includes \$18.0 million in other funds for winter maintenance, reflecting a \$3.0 million increase from the FY2024 enacted level. The increase primarily reflects a \$2.2 million in non-personnel expenditures including \$1.2 for road maintenance and repairs and \$1.0 million for snowplowing and sanding.

Anti-Litter Campaign (all funds)

\$259,462

The Budget includes a net increase of \$259,462 in all funds to support an anti-litter campaign throughout the State. The adjustment includes increases of \$300,000 in other funds for a media campaign and \$450,000 in other funds for operating supplies such as safety vests, refuse bags, specialized litter removal machines and vacuums. The increases are offset by a net \$490,538 reduction in salary and benefits, of which, \$323,074 is federal funds and \$167,464 are other funds. The reduction is related to savings from the conversion of 10.0 vacant FTE positions into 10.0 FTE Groundskeeper positions. The total savings without the inclusion of the Groundskeeper positions is \$1.3 million.



FY2025 BUDGET ARTICLES

Article 1: Relating to Making Appropriations in Support of FY2025

Article 1 outlines the appropriation amounts from all fund sources for FY2025. In most cases, the appropriations are by fund source at the program level in each department or agency. The article includes the FTE position authorizations by department or agency. Other sections of the article outline the use of contingency funds; out-year appropriation changes in Rhode Island Capital Plan Fund projects; expenditure limits for internal service funds; outlines expenditures from the federal American Rescue Plan Act of 2021 and, disbursements of Lottery, Temporary Disability Insurance, and Employment Security. The article also:

- Sets the airport impact aid formula at \$1.0 million.
- Authorizes 15,725.8 FTE positions reflecting a net increase of 88.9 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 FY2026. In addition, the Office of the Postsecondary Commissioner shall provide \$7.9 million to the Rhode Island Promise Scholarship program, \$3.4 million to the Rhode Island Hope Scholarship Program, \$355,000 to support the Rhode Island College Crusade, \$200,000 to the Rhode Island School for Progressive Education, \$151,410 to support the State's membership in the New England Board of Higher Education, and \$75,000 to Best Buddies Rhode Island.
- Caps the amount the Judiciary may charge five state agencies (Public Defender's Office, Office of the Attorney General, Department of Corrections, DCYF, and Department of Public Safety) for public courthouse occupancy costs at \$1.4 million.
- Requires that Rhode Island Housing and Mortgage Finance Corporation continue to provide resources to support the Neighborhood Opportunities Program; an amount, however, is not designated. The Article requires a report be provided to the Director of Administration, chair of the Housing Resources Commission, State Budget Officer, and the chairs of the House and Senate Finance Committees on the number of housing units produced and on the amount of funding provided to the program.
- Clarifies that the federal funds do not include federal funds or assistance appropriated, authorized, allocated, or apportioned to the State from the State Fiscal Recovery Fund and Capital Projects Fund pursuant to the American Rescue Plan Act of 2021. Requires that all unexpended or unencumbered balances relating to the State Fiscal Recovery Fund and Capital Projects Fund be reappropriated to FY2026 and made available for the same purposes.
- Extends the quarterly reporting period to October 31, 2024, for the Pandemic Recovery Office to identify programs that are at risk of significant under spending or noncompliance with federal or state requirements. The reports are provided to the chairpersons of the House and Senate Finance Committees.
- 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.
- Includes the appropriation mechanism necessary for incremental tax revenues collected from State economic activity taxes generated in Pawtucket's Downtown Redevelopment district be made available to the City. Legislation enacted in 2019 established several geographical districts within downtown Pawtucket that would constitute the City of Pawtucket's Downtown Redevelopment project. Any incremental tax revenues generated in these districts related to new economic development are to be made available to the City once an agreement is made between City and the State. This agreement was entered into in December 2020. Since the passage of the legislation, CommerceRI has been certifying

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

APPROPRIATIONS

Article 1 makes appropriations from general revenues and authorizes expenditures of federal funds, restricted receipts, and other funds for the fiscal year ending June 30, 2025.

<u>Expenditures by Source</u>	<u>FY2023 Final</u>	<u>FY2024 Enacted</u>	<u>FY2025 Governor</u>	<u>Change to Enacted</u>
General Revenue	\$5,074.9	\$5,425.1	\$5,500.0	\$74.9
Federal Funds	5,251.6	5,643.0	4,929.2	(713.8)
Other Funds	2,218.8	2,550.6	2,795.9	245.3
Restricted Receipts	354.6	392.1	450.9	58.8
Total	\$12,899.9	\$14,010.8	\$13,676.0	(\$334.8)

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

In addition, Article 1 provides for the annual appropriation of the Contingency Fund; Temporary Disability Insurance Funds (TDI); Employment Security (UI Trust Fund); CollegeBoundSaver Funds; and, Lottery Division funds for award winnings during FY2025.

Section 1 also provides language directing the disbursement of specific appropriations including:

- **Administration – Energy Resources - E-Bike Rebate Program:** The Budget allocates \$500,000 in general revenue to maintain the Erika Niedowski memorial E-Bike Rebate Program, that provides a rebate towards the purchase of e-bikes.
- **Labor and Training – Direct Care Training:** The article requires \$600,000 in general revenue be used for enhanced training for direct care and support services staff to improve the resident quality of care for nursing facility residents.
- **Labor and Training - Workers’ Compensation System Study:** The Governor recommends \$200,000 of general revenue be provided to the Department to fund a Workers’ Compensation System Study. The Study shall include an analysis of the system’s rates, benefits, and administrative costs, a comparison to systems in other states, as well as recommended improvements. The report is to be submitted to the Governor, Speaker of the House of Representatives, and the President of the Senate by March 31, 2025.
- **BHDDH – DD Consent Decree:** Article 1 removes the specific dollar allocation of \$33.2 million in general revenue (\$75.0 million all funds) for direct support professional wage increases, and instead changes the allocation language “to an amount certified by the department.” The State has been under a Consent Decree with the United States Department of Justice since 2014, requiring the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH) to foster more supportive and less isolated employment opportunities and day services for individuals with intellectual and developmental disabilities. With the Consent Decree scheduled to end in FY2024, the State has agreed to an action plan to ensure the requirements of the Consent Decree are fulfilled.
- **RIDE - Rhode Island Vision Education and Services Program:** The article requires that \$684,000 from the Department of Elementary and Secondary Education’s share of federal Individuals with Disabilities Education Act funds, be allocated to the Sherlock Center on Disabilities to support the Rhode Island Vision Services Program.
- **RIDE - Education Aid:** The article prioritizes the allocation of early childhood funds for prekindergarten seats and classrooms for four-year-olds with a family income at or below 185.0 percent of federal poverty guidelines and who reside in communities with higher concentrations of low performing schools.
- **Recidivism Study:** The Budget directs the Department to conduct a study evaluating recidivism trends and the outcomes of the existing correctional programs. The study shall include regional comparisons,

historical recidivism rates, significant factors impacting prison population projections, an inventory of evidence-based rehabilitative practices and programs, as well as a review of the effectiveness of Correctional Industries programming. The Department must submit a report reflecting the study's findings to the Governor, Speaker of the House of Representatives, and the President of the Senate by March 1, 2025.

- **Environmental Management:** The Budget requires \$100,000 be allocated to the Wildlife Rehabilitators Association of Rhode Island to support a veterinarian at the Wildlife Clinic of Rhode Island, requires \$100,000 be allocated to the Conservation Districts, and adds a \$150,000 allocation for marine mammal response activities with matching federal funds.
- **Rhode Island Public Transit Authority Operating Grant:** The Governor recommends a one-time transfer of \$10.0 million in SFRF to the Rhode Island Public Transit Authority (RIPTA) for assistance in resolving the projected deficit in the FY2025 operating budget. RIPTA's FY2025 budget submission includes a deficit of \$18.1 million and the SFRF will address the Authority's short-term needs.
- **Rhode Island Public Transit Authority Efficiency Review:** The Budget directs RIPTA to conduct an efficiency review of its transit operations and submit a report to the Governor, Speaker of the House of Representatives, and the President of the Senate. The review's objective is to increase RIPTA's overall efficiency by ensuring the Authority is using their provided resources effectively. The review should focus on cost-effectiveness and include data such as operating expenses, ridership figures, costs per rider, and other information across all serviced regions. Additionally, the review may explore other transit service delivery models and successful transit strategies in order to produce recommendations to foster effective and sustainable transit operations. The report must be submitted by January 1, 2025.
- **Municipal Road Program:** The Governor recommends an additional \$5.0 million in SFRF for the Municipal Road Program, increasing the program's total to \$25.0 million. As of December 2023, all 39 cities and towns within the State are participating in the program. The Pandemic Recovery Office indicates that planned expenditures to date leverage \$20.0 million of SFRF into a total investment of \$74.0 million on municipal road improvements. The additional \$5.0 million will be distributed evenly with each participating municipality eligible for \$128,205.

INTERNAL SERVICE FUNDS

Article 1 authorizes 15 specific, capped internal service accounts to permit reimbursement of costs for work or other services performed by certain departments or agencies for any other department or agency. The FY2018 Budget as Enacted established centralized accounts for each agency and allows the Department of Administration to draw upon these accounts for billable centralized services and deposit the funds into the rotary accounts under the Department of Administration. Reimbursements may only be made up to the expenditure cap for each account, as outlined below.

Internal Service Account	FY2024 Enacted	FY2025 Governor	Change
State Assessed Fringe Benefits	\$37,390,672	\$36,946,270	(\$444,402)
Administration Central Utilities	39,364,206	30,029,111	(9,335,095)
State Central Mail	8,076,555	8,419,019	342,464
State Telecommunications	3,659,422	3,748,530	89,108
State Automotive Fleet	13,069,648	15,496,081	2,426,433
Surplus Property	44,789	44,789	-
Health Insurance	272,732,438	272,804,635	72,197
Other Post-Employment Benefits	63,858,483	63,854,008	(4,475)
Capitol Police	1,411,825	1,466,975	55,150
Corrections Central Distribution Center	7,506,586	7,659,339	152,753
Correctional Industries	8,220,004	8,247,332	27,328
Secretary of State Records Center	1,175,426	1,166,547	(8,879)
Human Resources Internal Service Fund	17,117,623	17,669,248	551,625
DCAMM Facilities Internal Service Fund	61,150,543	53,327,083	(7,823,460)
Information Technology Internal Service Fund	56,136,183	62,092,295	5,956,112
Total	\$590,914,403	\$582,971,262	(\$7,943,141)

FTE POSITIONS

Article 1 establishes the authorized number of full-time equivalent (FTE) positions for each State department and agency. Departments and agencies may not exceed in any pay period the number of authorized FTE positions shown. Statewide, the Budget has a net increase of 88.9 FTE positions from the FY2024 Budget as Enacted. The following table lists the FTE amounts by budget function:

FTE Positions by Function	FY2024 Enacted	FY2025 Governor	Change to Enacted
General Government	2,533.4	2,568.3	34.9
Human Services	3,795.3	3,827.5	32.2
Education	4,242.8	4,246.8	4.0
Public Safety	3,333.6	3,339.4	5.8
Natural Resources	457.0	469.0	12.0
Transportation	755.0	755.0	-
Subtotal	15,117.1	15,206.0	88.9
<i>Higher Ed. Sponsored Positions</i>	<i>519.8</i>	<i>519.8</i>	<i>-</i>
Total FTE Positions	15,636.9	15,725.8	88.9

COMMUNITY SERVICE OBJECTIVES

The FY2017 Budget as Enacted changed the Community Service Objective (CSO) Grants program. Previously, CSO grants were funded in executive agency budgets, but were not specifically delineated in the appropriations act. The program now consists of two components: line-item grant awards, and pool grants. Line-item grants are identified in the appropriations act and include a brief description of the grant purpose. Pool grants will be allocated by executive branch agencies either by formula, or through a competitive process. State agencies will manage the application, award, and reconciliation processes for the awards. Consistent with previous practice, the awards may be subject to audits by the Bureau of Audits.

The FY2024 Budget as Enacted includes \$12.7 million in general revenue for CSO grant awards across 13 state agencies. The FY2025 Budget includes \$12.9 million in general revenue in FY2025, an increase of \$200,000 from the previously enacted budget. The Budget recommends increasing the following grant; Senior Center Support \$200,000.

The Budget shifts one CSO award; City Year – Whole School Child Program from the Department of Administration to Elementary and Secondary Education.

Agency	Grant Recipient	FY2024 Enacted	FY2025 Governor	Change
Administration	City Year - Whole School Whole Child Program	\$130,000	\$0	(\$130,000)
Executive Office of Commerce	Polaris Manufacturing Technical Assistance Program	450,000	450,000	-
Executive Office of Commerce	Chafee Center at Bryant	476,200	476,200	-
Executive Office of Commerce	Urban Ventures	140,000	140,000	-
Executive Office of Commerce	East Providence Waterfront Commission	50,000	50,000	-
Labor and Training	Year Up	200,000	200,000	-
Secretary of State	Rhode Island Historical Society	125,000	125,000	-
Secretary of State	Newport Historical Society	18,000	18,000	-
Secretary of State	RI Council for the Humanities	100,000	100,000	-
Secretary of State	We the People Civics Challenge	50,000	50,000	-
Secretary of State	RI Black Heritage Society	25,000	25,000	-
Human Services - Healthy Aging	Diocese of Providence - Elder Services	325,000	325,000	-
Human Services - Healthy Aging	Alliance for Long Term Care Ombudsman Services	40,000	40,000	-
Human Services - Healthy Aging	Elderly Housing Security	85,000	85,000	-
Human Services - Healthy Aging	Elderly Nutrition	50,000	50,000	-
Human Services - Healthy Aging	Meals on Wheels	630,000	630,000	-
Human Services - Healthy Aging	Senior Center Support	1,200,000	1,400,000	200,000
Human Services	Coalition Against Domestic Violence	400,000	400,000	-
Human Services	Project Reach - Boys and Girls Club	450,000	450,000	-
Human Services	Day One	267,000	267,000	-
Human Services	RI Community Food Bank	550,000	550,000	-
Human Services	Crossroads Rhode Island	500,000	500,000	-
Human Services	Institute for the Study and Practice of Nonviolence	250,000	250,000	-
Human Services - Veterans Services	Operation Stand Down	50,000	50,000	-
Human Services - Veterans Services	Veterans' Organizations	200,000	200,000	-
Human Services - Veterans Services	Veterans Services Officers Program	100,000	100,000	-
Human Services	Community Action Fund	600,000	600,000	-
Human Services	Higher Ground International	75,000	75,000	-
Human Services	Refugee Dream Center	50,000	50,000	-
Human Services	Center for Southeast Asians	25,000	25,000	-
Education	Hasbro Children's Hospital - Hospital School	90,000	90,000	-
Education	Child Opportunity Zones	395,000	395,000	-
Education	City Year - Whole School Whole Child Program	-	130,000	130,000
Office of Postsecondary Commissioner	Rhode Island College Crusade	355,000	355,000	-
Office of Postsecondary Commissioner	Best Buddies Rhode Island	75,000	75,000	-
Office of Postsecondary Commissioner	RI School for Progressive Education	200,000	200,000	-
University of Rhode Island	Small Business Development Center	700,000	700,000	-
University of Rhode Island	Institute for Labor Studies and Research	100,000	100,000	-
University of Rhode Island	Special Olympics Rhode Island	50,000	50,000	-
Arts Council	WaterFire Providence	400,000	400,000	-
Arts Council	Other Grants	200,000	200,000	-
Historical Preservation	Fort Adam's Trust	30,000	30,000	-
Historical Preservation	Rhode Island Slave History Medallions	25,000	25,000	-
Historical Preservation	Other Grants	17,000	17,000	-
Corrections	Crossroads Rhode Island	1,050,000	1,050,000	-
Judicial	Rhode Island Coalition Against Domestic Violence	230,000	230,000	-
Judicial	Rhode Island Legal Services	90,000	90,000	-
Environmental Management	Wildlife Rehabilitators Association of RI	100,000	100,000	-
Environmental Management	Conservation Districts	100,000	100,000	-
Total		\$11,818,200	\$12,018,200	\$200,000

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Agency	Grant Recipient	FY2024 Enacted	FY2025 Governor	Change
Administration	City Year - Whole School Whole Child Program	\$130,000	\$0	(\$130,000)
Executive Office of Commerce	STAC Research Alliance	900,000	900,000	-
Executive Office of Commerce	Polaris Manufacturing Technical Assistance Program	450,000	450,000	-
Executive Office of Commerce	Chafee Center at Bryant	476,200	476,200	-
Executive Office of Commerce	Urban Ventures	140,000	140,000	-
Executive Office of Commerce	East Providence Waterfront Commission	50,000	50,000	-
Labor and Training	Year Up	200,000	200,000	-
Secretary of State	Rhode Island Historical Society	125,000	125,000	-
Secretary of State	Newport Historical Society	18,000	18,000	-
Secretary of State	RI Council for the Humanities	100,000	100,000	-
Secretary of State	We the People Civics Challenge	50,000	50,000	-
Secretary of State	RI Black Heritage Society	25,000	25,000	-
Human Services - Healthy Aging	Diocese of Providence - Elder Services	325,000	325,000	-
Human Services - Healthy Aging	Alliance for Long Term Care Ombudsman Services	40,000	40,000	-
Human Services - Healthy Aging	Elderly Housing Security	85,000	85,000	-
Human Services - Healthy Aging	Elderly Nutrition	50,000	50,000	-
Human Services - Healthy Aging	Meals on Wheels	630,000	630,000	-
Human Services - Healthy Aging	Senior Center Support	1,200,000	1,400,000	200,000
Human Services	Coalition Against Domestic Violence	400,000	400,000	-
Human Services	Project Reach - Boys and Girls Club	450,000	450,000	-
Human Services	Day One	267,000	267,000	-
Human Services	RI Community Food Bank	550,000	550,000	-
Human Services	Crossroads Rhode Island	500,000	500,000	-
Human Services	Institute for the Study and Practice of Nonviolence	250,000	250,000	-
Human Services - Veterans Services	Operation Stand Down	50,000	50,000	-
Human Services - Veterans Services	Veterans' Organizations	200,000	200,000	-
Human Services - Veterans Services	Veterans Services Officers Program	100,000	100,000	-
Human Services	Community Action Fund	600,000	600,000	-
Human Services	Higher Ground International	75,000	75,000	-
Human Services	Refugee Dream Center	50,000	50,000	-
Human Services	Center for Southeast Asians	25,000	25,000	-
Education	Hasbro Children's Hospital - Hospital School	90,000	90,000	-
Education	Child Opportunity Zones	395,000	395,000	-
Education	City Year - Whole School Whole Child Program	-	130,000	130,000
Office of Postsecondary Commissioner	Rhode Island College Crusade	355,000	355,000	-
Office of Postsecondary Commissioner	Best Buddies Rhode Island	75,000	75,000	-
Office of Postsecondary Commissioner	RI School for Progressive Education	200,000	200,000	-
University of Rhode Island	Small Business Development Center	700,000	700,000	-
University of Rhode Island	Institute for Labor Studies and Research	100,000	100,000	-
University of Rhode Island	Special Olympics Rhode Island	50,000	50,000	-
Arts Council	WaterFire Providence	400,000	400,000	-
Historical Preservation	Fort Adam's Trust	30,000	30,000	-
Historical Preservation	Rhode Island Slave History Medallions	25,000	25,000	-
Corrections	Crossroads Rhode Island	1,050,000	1,050,000	-
Judicial	Rhode Island Coalition Against Domestic Violence	230,000	230,000	-
Judicial	Rhode Island Legal Services	90,000	90,000	-
Environmental Management	Wildlife Rehabilitators Association of RI	100,000	100,000	-
Environmental Management	Conservation Districts	100,000	100,000	-
Environmental Management	Marine Mammal Response Activities	150,000	150,000	-
Total		\$12,651,200	\$12,851,200	\$200,000

CAPITAL APPROPRIATIONS

Article 1 authorizes amounts from the Rhode Island Capital Plan (RICAP) Fund, not otherwise appropriated, to be expended during the fiscal years ending June 30, 2026, June 30, 2027, June 30, 2028, and June 30, 2029. These amounts supersede appropriations provided for FY2025 within the FY2024 Budget as Enacted.

Subject to final General Assembly approval, any unexpended or unencumbered funds from the RICAP Fund project appropriations in excess of \$500 may be reappropriated to the next fiscal year and made available for the same purpose. Any remaining funding less than \$500 may be reappropriated at the discretion of the State Budget Officer.

STATE FISCAL RECOVERY FUNDS

Sections 17, 18, and 19 of this article pertain to the authorization and appropriation of the State Fiscal Recovery Fund (SFRF) and Capital Projects Fund (CRF) federal funds.

- Section 17 clarifies that the federal funds do not include federal funds or assistance appropriated, authorized, allocated, or apportioned to the State from the State Fiscal Recovery Fund and Capital Projects Fund pursuant to the American Rescue Plan Act of 2021 for FY2025. The purpose of this language is to specify that these federal funds are not part of the generic federal fund line items and that a specific SFRF or CPF line item, by project, constitutes the authority to expend the SFRF or CPF. The Budget generally does not appropriate federal funds at an individual or specific level. This language ensures that state agencies are not expending the SFRF or CPF funds under the authority of a general federal fund line item. The section also specifies and describes the SFRF appropriations.
- Section 18 requires that all unexpended or unencumbered balances relating to the SFRF and Capital Projects Fund, be reappropriated to the ensuing fiscal year and made available for the same purposes.
- Section 19 maintains the Pandemic Recovery Office within the Department of Administration to oversee and ensure compliance with the rules, regulations, and guidance issued by the United States Department of the Treasury of expenditures from the SFRF and Capital Projects Fund. This section extends the quarterly reporting period to October 31, 2024, for the Pandemic Recovery Office to identify programs that are at risk of significant under spending or noncompliance with federal or state requirements. The reports are provided to the chairpersons of the House and Senate Finance Committees. Lastly, it 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.

Analyst Note: The language allowing the Governor to reallocate at-risk SFRF does not indicate when the Governor would be allowed to do so. Presumably the intent is to allow this reallocation following the final quarterly risk report, however this is not indicated in the legislation.

Article 2: Relating to State Funds

This article establishes that the Supplemental State Budget Reserve restricted receipt account will be funded solely through appropriations made by the General Assembly; 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:

- **Supplemental State Budget Reserve Account:** Establishes that the Supplemental State Budget Reserve Account will be funded solely through appropriations made by the General Assembly and eliminates the statutory requirement that upon the issuance of the audited financial statement, the State Controller will transfer 50.0 percent of the excess general revenue, net of the transfer to the State Budget Reserve and Cash Stabilization account, to the Supplemental State Budget Reserve account.
- **Indirect Cost Recovery Exemptions:** 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.
- **Commodity Food Supplemental Programs:** Establishes the “Commodity Food Supplemental Programs – Claims” as a restricted receipt account within the Office of Health Aging (OHA) to account for funds collected pursuant to payments for loss of food. The USDA Food and Nutrition Service conducted an audit of the program and determined a need for the account to comply with USDA standards.
- **Group Home Facility Improvement 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.
- **Executive Climate Change Coordinating Council (EC4):** 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.
- **Electric Vehicle Charging Stations Operating and Maintenance Fund:** 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.

FISCAL IMPACT

The article eliminates the transfer of \$6.5 million in FY2024, reflecting 50.0 percent of the excess general revenue, net of the transfer to the State Budget Reserve and Cash Stabilization account, to the Supplemental State Budget Reserve account. According to the State Budget Office, the reduction in general revenue as a result of including three new restricted receipt accounts exempt from the 10.0 percent indirect cost recovery charge provisions is indeterminable at this time.

ANALYSIS AND BACKGROUND

Supplemental State Budget Reserve Account

Sections 1 and 3 amend general law pertaining to the Supplemental State Budget Reserve Account and the duties of the State Controller to deposit funds into that reserve account.

The FY2024 Budget as Enacted established the Supplemental State Budget Reserve 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 Supplemental State Budget Reserve account. The FY2024 Budget as Enacted also transferred \$55.0 million in surplus funding into the State Supplemental Budget Reserve Account.

Section 1 amends RIGL 35-3-20.2 eliminating the statutory requirement that upon the issuance of the audited financial statement, 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 Supplemental State Budget Reserve account. The article eliminates the transfer of \$6.5 million in FY2024 and establishes that the Supplemental State Budget Reserve Account be funded solely through appropriations made by the General Assembly.

Section 3 amends RIGL 35-6-1(e) regarding the duties of the State Controller by eliminating the statutory requirement 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 Supplemental State Budget Reserve Account.

Indirect Cost Recovery Exemptions

State law permits the assessment of a 10.0 percent indirect cost recovery charge on most state restricted receipt accounts, in order to support the administrative overhead costs associated with the collection of funds and administration of the accounts. RIGL 35-4-27 enumerates those restricted receipts exempted from this assessment.

Section 2 of this article expands the list to include three new accounts:

- **Commodity Supplemental Food Program - Claims:** The article includes the new Commodity Supplemental Food Program - Claims account to the list of restricted receipt accounts that are exempt from the 10.0 percent indirect cost recovery charge on most state restricted receipt accounts.
- **Group Home Facility Improvement Fund:** The article adds the new Group Home Facility Improvement Fund to the list of restricted receipt accounts that are exempt from the 10.0 percent indirect cost recovery charge on most state restricted receipt accounts.
- **Electric Vehicle Charging Stations Operating and Maintenance Account:** The article adds the Electric Vehicle Charging Stations Operating and Maintenance Account to the list of restricted receipt accounts that are exempt from the 10.0 percent indirect cost recovery charge on most state restricted receipt accounts.

Surplus Group Homes

Sections 4, 5, and 7 amend RIGL 37-7-13 and 37-7-15 regarding the placement of proceeds from the sale of state-owned group homes. The article shifts the deposit of the sale proceeds from the Information Technology Restricted Receipt (ITRR) account (formerly the Information Technology Infrastructure Fund), within the Department of Administration (DOA), to a new Group Home Facility Improvement Fund restricted receipt account within and administered by the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH), to establish a dedicated funding mechanism for the maintenance and repair of State-owned group homes.

Section 2 of this article establishes the GHFIF as exempt from the 10.0 percent indirect cost recovery charge on most state restricted receipt accounts.

Executive Climate Change Coordinating Council (EC4)

Section 6 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 FY2024 Supplemental and FY2025 Budget proposes six restricted receipt accounts in five agencies.

Executive Climate Change Coordinating Council Projects	FY2024	FY2024	Change	FY2025	Change
	Enacted	Governor		Governor	
Department of Administration - Division of Planning	\$0	\$50,000	\$50,000	\$50,000	\$50,000
Department of Environmental Management	-	110,000	110,000	110,000	110,000
Department of Health	-	40,000	40,000	40,000	40,000
Department of Labor and Training	-	75,000	75,000	75,000	75,000
Public Utilities Commission	-	75,000	75,000	75,000	75,000
Total	\$0	\$350,000	\$350,000	\$350,000	\$350,000

Commodity Food Supplemental Programs

Section 8 establishes a restricted receipt account within the Office of Health Aging (OHA) titled “Commodity Food Supplemental Programs – Claims” to account for funds collected pursuant to payments for loss of food. The program works to improve the health of low-income individuals over the age of 60 by providing nutrient dense foods provided by the United States Department of Agriculture (USDA). USDA provides both food and administrative funding to participating states to operate the program. The USDA Food and Nutrition Service conducted an audit of the program and determined a need for the account to comply with USDA standards. Expenditures from this account will be utilized to purchase the replacement of foods, payments for administrative fees, replacement for lost or improperly used funds, or to use as a salvage account in compliance with federal regulations.

Feeding America, a nationwide non-profit organization specializing in food and nutrition policy, identified food insecurity among seniors as a continuing challenge as many older adult’s experience difficulties obtaining healthy foods to maintain a healthy lifestyle. Older adults experience more chronic health conditions, transportation problems, and social isolation preventing them from obtaining nutrient dense foods. Additionally, nutrient dense foods tend to cost more and take more preparation than foods that are highly processed or pre-made. Older adults living on fixed incomes are unable to purchase healthy foods as their budget will not allow it. Food insecurity among seniors contributes to numerous chronic conditions including diabetes, anxiety, depression, and asthma.

According to Meals on Wheels, there are 254,438 seniors in Rhode Island, comprising 24.0 percent of the total population. Of this population, 19.0 percent (47,834 individuals) of seniors experience marginal food insecurity, 6.0 percent (15,521 individuals) are food insecure, and 2.0 percent (6,107) experience very low food security. Feeding America estimates that the national rates of food insecurity will continue to increase, estimating that over 7.0 million seniors will experience food insecurity by 2050.

Electric Vehicle Charging Stations Operating and Maintenance Fund

Section 9 of this article 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 (EV) charging stations on state properties. The new account will be exempt from the indirect cost recovery requirements.

In addition, the article requires OER to establish EV charging station fees, by January 1, 2025, for use of these stations on state property. OER is required to post the proposed fees on the OER website for thirty days to solicit public comment.

The State has 52 Level II charging stations and four DC Fast Chargers (Level III), for a total of 108 ports on state property. In addition, the State is in the process of installing 28 EV charging stations, using as a source of funding, a combination of RICAP Energy Efficiency and the Electrify RI Program (OER program). Presently, the State does not charge a fee to use the EV charging stations.

OER projects that the EV charging station fees could generate between \$100,000 to \$150,000 that would flow into the new restricted receipt account for the maintenance and operation of these stations. The installation costs will continue to be supported through OER's programs.

Article 3 – Relating to Government Reform and Reorganization

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

- **Reporting Requirement:** Amends or repeals numerous reporting requirements within the Department of Health (DOH), Department of Environmental Management (DEM), the Department of Business Regulation (DBR), the Department of Behavioral Health, Developmental Disabilities, and Hospitals (BHDDH), and the RI Commerce Corporation (Commerce), that the Governor or aforementioned Department's find obsolete.
- **Paint Stewardship Program:** Authorizes the creation of a reserve fund, held by the implementing organization, to maintain the paint stewardship program. This section requires competitive bidding for the management contract for the paint recycling program. The article also mandates an audit each time a new organization is selected to administer the program.
- **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.
- **Mattress Recycling:** Amends current language to create a more competitive mattress recycling program by enabling the resource recovery corporation to create a competitive selection process that aligns with State procurement laws. The article enables the corporation to administer the program only if it can be done at a lower cost than the selected organization, or if there is no organization interested in administering the program. The Article also enables the administering organization to establish a reserve fund sufficient to operate the program over a multi-year period.
- **Mattress Stewardship Council:** Repeals the Mattress Stewardship Council in its entirety.
- **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.
- **Unemployment Insurance Tax:** Authorizes the Director of the Department of Labor and Training (DLT) to determine the unemployment insurance tax rate between September 30 and December 31 for calendar year 2024, only.
- **Residential Landlord and Tenant Act:** Amends the Residential Landlord and Tenant Act to include properties built before 1978. The article also enables the Department of Health (DOH) to create a publicly-accessible database detailing all landlords who are non-compliant with lead hazard mitigation laws.
- **Caseload Reporting:** Changes the reporting date for BHDDH's developmentally disabled population from the 15th to the 25th of each month.
- **State Purchases and Ethics:** Establishes new ethical standards for all individuals involved in the procurement process and establishes a disciplinary process which enables the Chief Purchasing Officer to recommend the appropriate consequence and/or referral to the RI Ethics Commission.
- **State Purchases:** Establishes "public interest" as a primary goal of the public procurement system and establishes the E-procurement system as the mainframe for all state contracts and solicitation.
- **Bidder Registration Fees:** Repeals the \$25 registration fee for all potential bidders during the procurement process.

- **Micro Business Act:** Repeals the Micro Business Act in its entirety
- **DCYF Higher Education Incentive Grant:** Amends eligibility for the Higher Education Incentive Grant.

FISCAL IMPACT

Article 3 has no fiscal impact on the FY2025 Budget.

ANALYSIS AND BACKGROUND:

Reporting Requirements

The Article amends or repeals numerous reporting requirements within the Department of Health (RIDOH), Department of Environmental Management (DEM), Department of Business Regulations (DBR), Department of Behavioral Health, Developmental Disabilities, and Hospitals (BHDDH), and the RI Commerce Corporation (Commerce), that the Governor or the Department finds obsolete. Specific changes to reports are as follows:

- **Private Well Water Contamination Report (Department of Health):** Section 1 amends RIGL 23-1-5.5, entitled “Department of Health”, to change the date in which the Department’s annual report on well water contamination is published. The amendment changes the date from January 15 to July 1 to better align with federal EPA reporting requirements.
- **Sanitary Laws Report (Department of Health):** Section 2 repeals RIGL 23-1-9, the Department of Health’s annual reporting requirement and recommendations regarding sanitary laws. According to the Department, this is no longer a program within RIDOH, making the report obsolete.
- **Division of Occupational Health (Department of Health):** Section 3 repeals RIGL 23-1.1-3, which mandates that the Department of Health’s Division of Occupational Health submit an annual report to the Department of Labor and Training detailing workforce developments within occupational health. This report would be included in the DLT’s annual report to the General Assembly as well as U.S. Secretary of Labor. The Division of Occupational Health is defunct and its functions are now performed through voluntary programs.
- **Epinephrine Incident Report (Department of Health):** Section 4 amends language in RIGL 23-6.4 to repeal the Department of Health’s annual reporting requirement for the Epinephrine Incident Report. The Epinephrine Auto-Injectors program with RIDOH supplies authorized entities with large quantities of Epinephrine to reduce severe damage resulting from an allergic reaction. The Department has determined an authorized entity as:
 - A food business requires to register with the Department
 - A pre-school, school, College, or University
 - A family day care
 - A place of assembly
 - A state or local governmental agency
 - An organized athletic team, league, or association
 - A place of employment that provides in-house employee health services

Authorized entities receive a prescription for epinephrine from a health care professional. According to the Department, this statute has not been implemented due to a lack of funding and a lack of requests to be an authorized entity. Additionally, the Department has not received any incident reports from any entities since the statute was implemented.

- **Mammography Screening Report (Department of Health):** Section 5 amends language in RIGL 23-12.7-3(c) to amend the reporting structure of the Department's Mammography Screening Report. The Governor proposes changing the report to be due on May 15 annually instead of quarterly. According to the Department, this change will account for a lag in payment and provided services, therefore ensuring high-quality and accurate data in the report.
- **Home Visiting Report (Department of Health):** Section 6 amends language in RIGL 23-18.16-4, changing the date of the Department's annual home visiting report from October 1 to March 1 to align with federal reporting requirements. The report outlines the Department's family visiting programs, outcomes, and benefits.
- **Newspaper Recycling Report (Department of Environmental Management):** Section 7 amends language in RIGL 23-18.16-4, repealing language requiring the Department to publish an annual report regarding compliance with the State's mandate that newspaper publishers purchase 40.0 percent post-consumer materials. According to the Department, newspaper printing is not a significant portion of the waste stream, making this report obsolete.
- **Hazardous Waste Reporting (Department of Environmental Management):** Section 8 repeals RIGL 23-19.10-11, which mandated the Department to submit an annual report on the status, funding and results of all grant funded hazardous waste demonstration and research projects. This report has become obsolete as there are more recent reporting requirements for generators and manifests.
- **Cigarette Ignition Report (Department of Health):** Section 9 amends language in RIGL 23-20.11-14, repealing the requirement that the Department publishes a triennial report regarding the effectiveness of the State's tobacco and fire safety statute. According to the Department, all cigarettes that did not meet the criteria of the statute are no longer on the market.
- **WISEWOMAN Cardiovascular Screening Report (Department of Health):** Section 12 repeals the annual reporting requirement regarding the Department's report on women cardiovascular disease screening and lifestyle intervention as this program was a pilot that expired in 2014.
- **BHDDH Developmental Disability Caseload Reporting Date (Department of Behavioral Health, Developmental Disabilities, and Hospitals):** Section 18 amends language in RIGL 35-17-1(f) to change the reporting date for the Developmental Disabilities portion of the caseload reporting from the 15 to the 25 of each month. According to the Department, this change will produce more accurate and meaningful data as the Medicaid Management Information System (MMIS) will be able to be completely updated before the report is compiled. Currently, MMIS updates between the 15 and 20 of each month.
- **DOA Micro Business Act (Department of Administration):** Section 22 repeals RIGL 37-14.2, repealing the Micro Business Act in its entirety. The Act requires a report containing the number and distribution of micro businesses within Rhode Island. According to the Department, the Department of Labor and Training is restricted from sharing this data and the RI Commerce Corporation does not collect this information. Because the Department does not have the data necessary to produce the report, the Governor proposes to eliminate the requirement.
- **Boxing and Racing Report (Department of Business Regulation):** Section 23 repeals RIGL 41-5-23, ending the annual reporting mandate regarding recommendations to gaming and athletics. According to the Department, the report has become obsolete as there have not been any recommendations in three years.
- **Current Property Report (Department of Administration):** Section 24 of this article, amends RIGL 42-11-2(ii) repealing the requirement enacted in Public Law 2014, Chapter 145, Article 9, that the Department of Administration to prepare a report by October 31, 2014, of all current

property owned by the State or leased by any state agency or quasi-public agency, to include information such as a description and location of the property, information on the expiration of leases, ratios of occupancy and vacancy within each property, a strategic plan for leases commencing or expiring by June 30, 2016, a map of all state buildings that provides the cost per square footage to maintain, and a benchmark report on the operating cost by full-time employee, and the operating costs by square footage divided by the number of full-time employees.

- **Performance Based Regulations Report (Department of Environmental Management):** Section 25 amends language in RIGL 42-17.1-2, removing the mandate that the Department compile and publish a report, in conjunction with the Office of Regulatory Reform, evaluating the potential for adopting alternative approaches to performance-based regulations. This was a one-time report and published in 2014, making the statute obsolete.
- **Quarterly Incentive Report (RI Commerce Corporation):** Section 26 amends RIGL 42-64-36 by changing 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.

The report provides detailed information on 13 distinct incentive programs administered by the Commerce Corporation. This includes the Small Business Assistance program that helps small businesses (under 200 employees) gain access to capital by providing grants up to \$750,000. The Commerce Corporation partners with private lending institutions to administer the applications and program. 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.

- **Integrated Housing Report (Executive Office of Commerce):** Section 27 amends RIGL 42-64.19 by changing requirements and timelines for the State's annual Integrated Housing Report.

A key tool in the State's policy response to Rhode Island's housing crisis is the recently-established "annual integrated housing report". The General Assembly enacted this reporting requirement in July 2021, along with numerous other housing reforms (including the creation of a new housing "czar" within the Executive Office of Commerce, the cabinet agency responsible for housing policy at the time). Under RIGL 42-64.19-3 (a)(4)(iv), the first report was due December 31, 2021 (just six months after it was mandated), and then annually thereafter. The report includes 36 distinct categories of housing data that establish baseline metrics and mark progress.

The Governor recommends several changes to the report, including:

- Changing the due date from December 31st to April 15th.
- Modifies various required data points and adds others, including information on accessibility and disabilities, household formation, population growth, income, loan disparities, and the number of affordable housing units needed by each municipality to meet the State's 10.0 percent requirement.
- It also compels municipalities to provide the required data to the Department of Housing by February 15th.

According to the Department of Housing, the changes align the report with when data is available, including up-to-date data from the US Census' American Community Survey and the municipal Annual Building Permit report.

Analyst Note: The integrated housing report remains statutorily within the Executive Office of Commerce, not within the Department of Housing. The Department was established in January 2023 and assumed nearly all of EOC's authority and responsibilities related to housing. The article does not address this inconsistency.

Rhode Island Paint Recycling Program

The article would require the Department of Environmental Management (DEM) to solicit competitive bids for an organization to implement and manage the paint recycling program every five years. Currently, a third-party organization that represents paint manufacturers, known as PaintCare, is responsible for operating the paint recycling program, and can set recycling fees to fund operating expenses and a cash reserve. The article provides that should there be no respondents to the request for proposal (RFP) or if DEM determines that none of the responses are sufficient to manage the program, the Rhode Island Resource Recovery Corporation (RIRRC) will serve as the implementing organization until another solicitation is required. An RFP must be issued by June 30, 2025. The article provides that the current program will remain in effect until DEM selects an entity to administer the program.

The program was established in June 2014. Based on the FY2022 annual report, the program has 27 drop-off sites around the State, including retailers and transfer stations, which collected 82,941 gallons of paint. The program collected \$858,391 in revenue from a fee on new paint sales. The fee is \$0.35 on pint and quart containers, \$0.75 on gallon containers, and \$1.60 on five-gallon containers. The expenses, including paint transportation and processing, communication, staffing, and administration, were \$1.0 million. The fiscal year ended with net assets of \$812,969. The total program cost per gallon collected was \$12.06.

Based on the FY2021 annual report, the program has 28 drop-off sites around the State, including retailers and transfer stations, which collected 92,811 gallons of paint. The program collected \$959,460 in revenue from a fee on new paint sales. The fee is \$0.35 on pint and quart containers, \$0.75 on gallon containers, and \$1.60 on five-gallon containers. The expenses, including paint transportation and processing, communication, staffing, and administration, were \$1.1 million. The fiscal year ended with net assets of \$954,660. The total program cost per gallon collected was \$11.93.

Based on the FY2020 annual report, the program had 29 drop-off sites around the State, including retailers and transfer stations, which collected 69,069 gallons of paint. The program collected \$991,912 in revenue from a fee on new paint sales. The fee was \$0.35 on pint and quart containers, \$0.75 on gallon containers, and \$1.60 on five-gallon containers. The expenses, including paint transportation and processing, communication, staffing, and administration, were \$695,607. The fiscal year ended with net assets of \$1.1 million. The total program cost per gallon collected was \$10.06.

In the FY2023 Budget, the Governor recommended increasing DEM oversight over the program by making the size of the reserve fund and the administrative expenses associated with the program subject to DEM approval. In addition, the article would have authorized the creation of a reserve fund capped at 50.0 percent of total cost to administer the program during the previous program fiscal year. These recommendations were not included in the enacted budget.

Analyst Note: The recycling program was established as an extended producer responsibility program intended to require producers to bear significant responsibility for the environmental impacts of their products particularly in the final stage of the product's life, after consumption. The program was not intended as a profit generator. It is unclear how shifting the program to a competitive bid process with RIRRC as a safety net will impact the program.

Deputy State Fire Marshals

Article 3 authorizes the Office of the State Fire Marshal (OSFM) to appoint a deputy fire marshal in municipalities and jurisdictions that experience difficulties filling these positions. The Article mandates that each municipality with a vacant assistant deputy fire marshal position provide written notice to the Office within 10 days of the vacancy and reimburse the State for any salary and expenses associated with the assigned deputy fire marshal position. Currently, OSFM provides essential fire services to several municipalities including Charlestown, Foster, and New Shoreham.

Mattress Stewardship Plan

The article requires the RIRRC to solicit competitive bids for an organization to administer the mattress recycling program every five years and to administer the program should none of the respondents be sufficient. The program is currently administered by the Mattress Recycling Council (MRC), a nonprofit organization comprised of mattress producers. In addition to the Bye Bye Mattress program in Rhode Island, the Council administers statewide mattress recycling programs in California and Connecticut. An RFP must be issued by December 31, 2024.

The current mattress stewardship fee that is added to the price of each mattress sold in Rhode Island is \$20.50, compared to \$11.75 in Connecticut, and \$10.50 in California. The fee is used to provide consumer education and outreach, collection, and processing of recyclable mattresses. A mattress that is not considered to be recyclable does not qualify for the program and would not qualify for free disposal. According to the MRC's 2022/2023 Annual Report, in the seventh year of the program 79,898 mattresses were collected and 1,565 tons of material was diverted from the landfill. Access to the program was provided in 37 of 39 municipalities, and extended service to 230 entities including retailers, lodging establishments, healthcare facilities, educational facilities, and bulky waste haulers.

The program for the responsible recycling, reuse, and disposal of mattresses was established in 2013 to promote the development of a comprehensive strategy for the discard of mattresses. Article 3 of the FY2023 Budget as Enacted shifted determination of the reasonableness of a proposed uniform mattress stewardship fee from an independent auditor to the Rhode Island Resource Recovery Corporation.

Analyst Note: The recycling program was established as an extended producer responsibility program intended to require producers to bear significant responsibility for the environmental impacts of their products particularly in the final stage of the product's life, after consumption. The program was not intended as a profit generator. It is unclear how shifting the program to a competitive bid process with RIRRC as a safety net will impact the program.

RI Healthcare Workforce Data Collection Act

Article 3 establishes the RI Healthcare Workforce Data Collection Act, an act authorizing the Department of Health to voluntarily collect data on all licensed healthcare professionals including but not limited to: specialty, education level, practice status in Rhode Island, ethnicity, race, languages spoken, anticipated retirement year, total clinical hours per week, whether they accept Medicaid, and practice name and location. The Department will not make this data publicly available and is solely used for the Department's licensure renewal process.

Unemployment Insurance (UI) Tax-Rate Calculation

The article 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. The article grants the Department's Director the ability to use discretion in selecting the computation date for tax year 2025 and authorizes the eligibility of all dates ranging from September 30 to December 31, 2024.

In Rhode Island, employers pay federal and state unemployment insurance taxes on wages paid to employees. Federal unemployment taxes are used by the federal government to provide administrative funds to states for their UI programs and to fund a trust that states may use for cashflow or emergency purpose while paying benefits to claimants. State UI taxes are used to pay benefits in real time and to fund a trust to pay benefits should they exceed collections. Unemployment insurance provide temporary income assistance to workers who have lost their jobs without cause and have earned sufficient wages in the base period to meet the monetary requirements.

For CY2024, the Department of Labor and Training determined that the unemployment insurance tax rates will remain at Schedule G, with rates ranging from 1.1 percent to 9.7 percent. The unemployment insurance tax schedule is calculated using a statutory formula based on the ratio of the balance of the state's

employment security fund to the total twelve-month payroll of employer's subject to the contribution provisions of the Employment Security Act. The calculation is performed on September 30 of each calendar year, known as the computation date.

In congruence with this article, Article 1 authorizes the Governor to deposit unexpended State Fiscal Recovery Funds into the Unemployment Insurance Trust Fund. If additional funds are deposited subsequent to the computation date, the Director of the Department of Labor and Training may choose to recalculate the unemployment insurance tax schedule to allow businesses to reduce payments reflective of a schedule change. The article grants the Director the ability to revisit the schedule regardless of any such deposit.

Landlord Lead Hazard Mitigation Database

The Budget amends the Residential Landlord and Tenant Act, authorizing the Department of Health to create a publicly-accessible Statewide lead registry database of all properties built before 1978. The registry will contain details of all lessors who have not provided certificates of conformance to lead hazard mitigation laws. The Article requires all lessors to comply by October 1, 2025, and prohibits penalties against lessors before the compliance date.

According to the Department of Health, 70.0 percent of Rhode Island's housing have potential lead hazards that can poison children, with the most prevalent risks in homes built before 1978. Under current law, lessors are required to disclose lead hazards to tenants and buyer and ensure units containing lead are well maintained. Lessors with rental units built before 1978 must also comply with the State Lead Mitigation Regulations; which include lead hazard awareness training, property inspections, and necessary repairs.

Purchasing Ethics

Section 19 of this article adds language codifying ethics requirements for all State Purchasing procurement personnel, including and state employee and agency directors who may become involved in the procurement process involving current or future bidders and vendors. The language affirms that all State Purchasing personnel are subject to the State's Code of Ethics.

The new language includes the disciplinary referral process through the State Purchasing Agent, Chief Purchasing Officer and the State Ethics Commission for any employee violating the provisions of this new chapter, and establishes disciplinary action for vendors who may be found in violation of these provisions. Such violation may lead to a vendor being suspended or disbarred from participation in state procurements.

The language requires all purchasing personnel to maintain good relationships with vendors, avoid conflicts of interest, prohibits purchasing personnel from accepting gifts, gratuities, goods or services from current or potential vendors, and prohibits inappropriate social interaction

All purchasing personnel will be required to file annual conflicts of interest disclosure statements

State Purchases

Section 20 of this article amends multiple areas of general law pertaining to state purchasing requirements and Chief Purchasing Officer duties. Specifically, the section:

- Adds language under RIGL 37-2-2, providing a general mission statement on the purpose of a public procurement system.
- Amends RIGL 37-2-17, 37-2-17.1, 37-2-17.2, and 37-2-25.1 replacing reference to the Rhode Island Vendor Information Program (RIVIP), which was the State's previous electronic purchasing system initiated in 1994, to reflect Rhode Island e-Procurement, the current on-line computerized bidding system being used for receiving bids for state purchases and contracts. The e-Procurement system is designed to improve workflows and performance, allow for data collection and analysis, reduce coordination and allow purchasing staff to provide more community engagement to agencies and municipalities to better address their needs.

- Amends RIGL 37-2-13.1 to include additional ethics and transparency processes with vendor participation in the development of request for proposals, and requires the Division of Purchasing to publicly disclose any prior dealing with the vendor on related RFPs for a project.
- Amends RIGL 37-2-18 regarding the competitive sealed bid opening process to recognize the e-Procurement system practices.
- Amends 37-2-18.2 to recognize the Office of the Postsecondary Commissioner instead of the Board of Governors for Higher Education as the entity promulgating the rules and regulations for the State's higher education institutions. In addition, it extends the competitive bid process exemption for research related activities, funded through federal or private third-party funds, to private institutions of higher education when the State's three public institutions are unable to perform the research. Preference will be given to in-state higher education institutions.
- Amends 37-2-19 and 37-2-20 regarding competitive negotiations and negotiations after an unsuccessful bid process to allow the State Purchasing Agent to authorize a best and final price offer process to satisfy a substantial price discrepancy, or when costs exceed the budget, or if it's determined to be in the best interest of the State.
- Amends RIGL 37-2-54 to expand the list of reasons that the Chief Purchasing Officer can exempt competitive sealed bids for the state purchase of research related activities and services provided by institutions of higher education within the State of Rhode Island.
- Amends RIGL 37-2-56 to include institutions of higher education eligible to participate in the state's master price agreement contracts, provided that the contractor is willing to extend it to those institutions.

Bidder Registration Fees

Section 21 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.

DCYF Higher Education Incentive 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 4: Relating to Debt Management Act Joint Resolutions

Pursuant to RIGL 35-18, the Public Corporation Debt Management Act, any financing leases or other guarantees entered into by an elected or appointed State official must have prior approval of the General Assembly. This article authorizes the issuance of \$9.2 million in revenue bonds for the Utility Infrastructure Project Phase III at the University of Rhode Island (URI).

FISCAL IMPACT

This article authorizes the issuance of \$9.2 million in revenue bonds for one project at the University of Rhode Island (URI), titled the Utility Infrastructure Upgrade Phase III.

Proposed Debt Authorizations

Revenue Bonds	Department	Principal	Interest	Total Debt	Annual Debt Service	Term of Loan (years)
URI- Utility Infrastructure Upgrade Phase III	URI	\$9.2	\$6.9	\$16.1	\$805,000	20.0

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

ANALYSIS AND BACKGROUND

University of Rhode Island – Utility Infrastructure Upgrade Phase III

The article approves financing 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. Phase III will implement four new projects including replacement of three steam distribution systems and the replacement of electric distribution systems in multiple locations. The University’s goal is to have the project completion date sometime in FY2028.

The debt service payments will be funded from University revenues, which includes tuition and fees but not auxiliary funds. Total debt service on the bond is not expected to exceed \$805,000 annually and \$16.1 million in the aggregate, assuming an average interest rate of 6.0 percent over 20 years.

During the last two decades, the University’s Kingston Campus has experienced significant interruptions in service to its steam and electric distribution systems, as well as severe flooding, resulting in the need for a utility infrastructure upgrade. The project is broken into three phases. Phase I consists of engineering and construction upgrades and component replacements to the steam/condensate distribution system, water distribution system, electrical distribution system, sanitary sewer system, and the storm water management system. Phase I consisted of 16 different projects including, PFAS improvements and refurbishment of the steam distribution systems from Hammerschalg Mall to the Elephant Walk. RI Health and Educational Building Corporation (RIHEBC) bonds for Phase I were issued in 2018. Phase II continues the improvements and repairs in these projects. Phase II also began three new projects including Bay Campus natural gas upgrades, repairing a sewer main on Route 138, and implementing/upgrading PFAS treatment systems. Bonds for Phase II were issued in 2023.

Article 5: Relating to Capital Development Program

This article authorizes the issuance of and outlines terms and processes for various general obligation bonds, totaling \$345.0 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	\$135.0
<i>URI Life Sciences Building</i>	80.0
<i>RIC Cybersecurity</i>	55.0
State Archive and History Center	\$60.0
Housing and Community Opportunity	\$100.0
Green Economy Bonds	\$50.0
<i>Port of Davisville Infrastructure at Quonset</i>	20.0
<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>	8.0
Total	\$345.0
<i>\$ in millions</i>	

FISCAL IMPACT

The article permits \$345.0 million in bond referenda to be placed on the November 2024 ballot, including \$135.0 million in bonds for higher education, \$60.0 million in bonds for a State Archive and History Center, \$100.0 million for housing and community opportunity, and \$50.0 million in Green Economy Bonds. Assuming full issuance in bond year 1 and 5.0 percent interest, annual debt service payments are estimated at \$27.7 million. Total debt service over the life of 20-year bonds would be \$553.7 million, including \$208.7 in interest payments.

ANALYSIS AND BACKGROUND

Higher Education Facilities Bond

The Budget includes \$135.0 million in general obligation bonds for capital improvements to higher education facilities to be placed on the November 2024 ballot. Assuming full issuance in bond year 1 and 5.0 percent interest, annual debt service payments are estimated at \$10.8 million. Total debt service over a 20-year term would be \$216.7 million, including \$81.7 million in interest. The bond proceeds would be allocated as follows:

- URI Biomedical Sciences Building:** The Budget includes \$80.0 million in general obligation bonds for the construction of a biomedical sciences building to bolster life science education, research, and workforce development. According to URI, the University’s Kingston campus lacks sufficient wet lab space to grow their life sciences programs and construction of a new life sciences building is necessary to advance the University’s programs and the State’s life sciences industries, with the potential to unlock billions in funding from outside sources. In FY2022, URI received \$52.8 million in federal and foundation funds to support the University’s life science research.

URI’s life sciences programs house nearly 6,000 students with 1,200 graduates entering the workforce each year. Additionally, the University has established itself as a leader in pharmaceutical, health, environmental, and life sciences. Furthermore, the University houses the Rhode Island IDeA Network

of Biomedical Research Excellence, providing the State with approximately \$81.0 million in funding for research and training through the National Institute of Health.

- **RIC Cybersecurity Building:** The Budget includes \$55.0 million in general obligation bonds for the renovation of Whipple Hall to support the Institute for Cybersecurity and Emerging Technologies. The building will house office space for faculty, classroom space, a Cyber Command Center, space for the RI STEAM Center, student community spaces, and meeting space for collaboration with internal and external stakeholders. The bonds will also aid in the redesign of Whipple Hall to improve energy efficiency, ADA access, and address existing structural, air quality, electrical, mechanical, and plumbing systems issues.

In the last year, RIC has developed both a major and minor in Cybersecurity, with a major and minor in Artificial Intelligence in development. The College has made significant strides in cyber-education including creating pathways for students ranging from high school to adult learners to learn about and enter the cybersecurity workforce. RIC has also partnered with the Department of Education and Secondary Education (RIDE) to create three courses for high school students to take that transfer to the College. Additionally, RIC houses the National Security Agency (NSA) GenCyber program for high school students during the summer and several other cybersecurity events for students of all levels.

State Archives and History Center

The Governor proposes a ballot question to allow the issuance of \$60.0 million in general obligation bonds for the construction of a new \$101.7 million Rhode Island State Archives and History Center. Currently, the State Archives, consisting of millions of historically significant documents, (including several copies of the Declaration of Independence, images, and past records dating back to 1638) are currently housed in commercial leased office space at an annual cost of \$280,288, excluding utility costs.

The State Archives Center proposal utilizes the same design plan originally developed under the previous Secretary of State in 2018, but cost projections are updated to account for inflation. The Center is proposed to be a 52,000 sq. ft. facility located along Smith Street in Providence, north of the State House and directly in front of the Department of Administration building.

The bond funding represents only a portion of total project costs, with a request for \$10.0 million from Rhode Island Capital Plan funding and \$31.7 million from a combination of federal and private grant funding bringing the total project cost to \$101.7 million. Neither the Office of the Secretary of State nor the Budget Office has identified any federal or private funding sources to fund 42.0 percent of the project's construction and soft costs. Assuming full issuance in bond year 1 and 5.0 percent interest, annual debt service payments are estimated at \$4.8 million. Total debt service over a 20-year term would be \$96.3 million, including \$36.3 million in interest payments.

Housing and Community Opportunity

Approval of the Housing and Community Opportunity ballot question would allow the issuance of \$100.0 million in general obligation bonds to increase production of affordable and middle-income housing, invest in housing related infrastructure, support community revitalization projects, and promote home ownership. Assuming full issuance in bond year 1 and 5.0 percent interest, annual debt service payments are estimated at \$8.0 million. Total debt service over a 20-year term would be \$160.5 million, including \$60.5 million in interest payments.

Analyst Note: *While no additional program details or funding breakdown have been identified at this time by either the Governor's Office of Management and Budget or the Department of Housing, the Department has noted that the bonds are anticipated to be issued in multiple tranches across several years to align with the anticipated timelines for these types of projects.*

Green Economy Bonds

The Budget includes a \$50.0 million general obligation bond authorization be placed on the November 2024 ballot for environmental and recreational purposes. Assuming full issuance in bond year 1 and 5.0 percent interest, annual debt service payments are estimated at \$4.0 million. Total debt service over a 20-year term would be \$80.2 million, including \$30.2 million in interest payments. The bond proceeds would be allocated as follows:

- **Port of Davisville Infrastructure at Quonset (\$20.0 million):** Provides \$20.0 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 (\$2.5 million)
 - Port Main Gate relocation, Terminal 6 laydown construction, and port security upgrades (\$14.0 million)
 - Frys Cove Road construction (\$3.0 million)

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 and Public Access Projects (\$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. As of January 24, 2024, \$921,920 of these funds were unobligated.
- **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. As of January 24, 2024, \$5.0 million of these funds were unobligated.

- **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. As of January 24, 2024, \$2.0 million of these funds were unobligated.

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. As of January 24, 2024, \$19.1 million of these funds have been obligated. In September 2023, the Rhode Island Infrastructure Bank (RIIB) issued an RFP for projects and received 41 proposals totaling \$52.0 million in grant requests.

- **Newport Cliff Walk (\$8.0 million):** Provides \$8.0 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 is responsible for the upkeep and maintenance of the Newport Cliff Walk. The estimated cost of the repairs is \$14.5 million with the project expected to take 13 months to complete.

Newport applied for a \$13.4 million grant from the Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation (PROTECT) program, which would require a 20.0 percent match from Newport of \$2.8 million. A decision is not expected until April 2024. Newport also applied for a \$5.0 million appropriation from Congress which has been approved by the Senate but not yet considered by the House. The application for disaster aid through the U.S Department of Transportation was denied.

Article 6: Relating to Taxes and Fees

This article modifies several state taxes, credits, and repeals various fees that impact businesses. These changes include:

- **Pension Modification Increase:** Increases the maximum pension modification for personal income taxes.
- **Corporate Minimum Tax Reduction:** Reduces the minimum business corporation tax from \$400 to \$350.
- **Net Operating Loss Carryforward:** Extends current five-year net operating loss carryforward period to twenty years.
- **Cannabis Tax Changes:** Allows state-licensed cannabis businesses to make certain deductions.
- **Pass-Through Entity Tax Credit:** Reduces the State’s pass-through entity tax credit from 100.0 percent to 90.0 percent.
- **Delinquent Taxpayer List:** Expands the criteria used by the Division of Taxation when identifying which delinquent taxpayers it will include on publicly posted lists.
- **E-Cigarettes Tax:** Imposes a tax on electronic nicotine delivery system (ENDS) products, also known as e-cigarettes.
- **Cigarette Tax Increase:** Increases the excise tax on cigarettes by \$0.25 per pack.
- **Motor Fuel Tax Disposition:** Amending how the Rhode Island Public Transit Authority’s (RIPTA) Elderly/Disabled Transportation program administratively receives its share of the motor fuel tax.
- **Sales Tax Adjustment – Motor Vehicle Excise Tax State Aid Program:** Eliminates the annual sales tax growth adjustment that is provided to municipalities as part of the Motor Vehicle Excise Tax State Aid program.
- **Fee Changes:** Eliminates or amends various fees impacting individuals and business.

FISCAL IMPACT

The fiscal impact of Article 6’s changes are summarized in the following table. For more detail see below in the analysis and background section.

Initiative	FY2025		FY2026	
	Revenues	Expenditures	Revenues	Expenditures
Pension Modification Increase	(3,048,251)	-	(6,203,539)	-
Corporate Minimum Tax Reduction	(2,283,350)	-	(4,700,650)	-
Net Operating Loss Carryforward*	-	-	-	-
Cannabis Tax Changes	(824,642)	-	(1,707,009)	-
Pass-Through Entity Tax Credit Changes	8,100,000	-	16,500,000	-
Delinquent Taxpayer List Changes	3,425,327	-	3,526,021	-
E-Cigarettes Tax	5,292,861	163,188	6,417,989	163,188
Cigarette Tax Increase	2,441,204	-	1,915,531	-
RIPTA Elderly/Disabled Transportation Changes	-	-	-	-
Sales Tax Adjustment – Car Tax State Aid Program	-	-	-	(7,700,000)
Fee Changes	(44,375)	-	(290,750)	-
Total	\$13,058,774	\$163,188	\$15,457,593	(7,536,812)

* Proposal does not have a fiscal impact until FY2032

ANALYSIS AND BACKGROUND

Pension Modification Increase

The article 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.

Background: 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 an offsetting exemption described below.

For Tax Year 2023	
Income Between...	Is Taxed at...
\$0 and \$77,450	3.75%
\$77,450 and \$166,950	4.75%
\$166,950 and above	5.99%

- **Current Modifications:** Although there are numerous modifications (credits, exemptions, exclusions, abatements, and other modifications) that may impact personal income liability, they are available only to certain taxpayers, Rhode Island does offer more general deductions that reduce a taxpayer’s federal AGI prior to determining the liability.

- **Standard Deduction:** Rhode Island provides for a basis standard deduction from modified AGI as shown in the table.

Filing Status	TY2023	TY2024
Single	\$10,000	\$10,550
Married Filing Jointly	20,050	21,150
Head of Household	15,050	15,850
Married Filing Separately	10,025	10,575

- **Personal and Dependency:** Rhode Island provides for a deduction for each tax filer and dependent that is adjusted annually for inflation. For TY2023, the exemption amount is \$4,700 (\$4,950 in TY2024) and begins to phase out at the taxable adjusted gross income level of \$233,750 (\$246,450 in TY2024).

- **Retirement Income:** The State also 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).

Retirement Income Thresholds		
Filing Status	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

- **State Comparison:** The following table summarizes the various ways states treat pensions for purposes of state personal income tax.

State Comparison: Treatment of Pensions (P) re: Personal Income Tax (PIT)

No PIT, P Not Taxed	PIT, P Not Taxed	PIT, P Partially Taxed
AK	AL	CA
FL	HI	CO
NV	IL	DE
NH	IA	DC
SD	MS	GA
TN	PA	ID
TX		KY
WA		MD
WY		MT
		NM
		OK
		OR
		RI
		SC
		VA
		VT

Source: AARP

Article 6 Changes: The article increases the exemption for retirement income from Social Security, 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.

Fiscal Impact: The November 2023 Revenue Estimating Conference estimated that personal income taxes would generate \$1,853.9 million in FY2024 and \$1,910.2 million in FY2025. The exemption increase is estimated to decrease personal income tax revenue by \$3.0 million in FY2024 and \$6.2 million in FY2025 based on an effective date January 1, 2025. According to the Office of Management and Budget this change would also require the Division of Taxation to alter the personal income tax form and filing system, although no expenditure estimate is provided for this.

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.

Corporate Minimum Tax Reduction

The article reduces the corporate minimum tax by \$50, from the current \$400 down to \$350. The corporate minimum tax was last changed in 2016 when the General Assembly decreased it from \$450 to \$400.

Background: Rhode Island requires firms to remit taxes on a percent of net income at a rate of 7.0 percent or the \$400 minimum business corporation tax, whichever is greater. The latter was established at the same time the State’s separate franchise tax was repealed in the FY2016. The current the corporate tax rate places Rhode Island roughly in the middle of the pack nationally, and the State currently has the lowest minimum rate in New England. The following table shows how Rhode Island compares with the other New England states.

State	Rate	Min. Tax
MA	8.00%	\$456
RI	7.00%	400
CT	7.50%	250
VT	8.50%	300-751
NH	7.50%	N/A
ME	8.93%	N/A

Article 6 Changes: The article reduces the corporate minimum tax by \$50, from the current \$400 down to \$350. The corporate minimum tax was last changed in 2016 when the General Assembly decreased it from \$450 to \$400.

Fiscal Impact: The November 2023 Revenue Estimating Conference estimated that business corporations taxes would generate \$310.9 million in FY2024 and \$314.3 million in FY2025. The changes in Article 6 result in a revenue loss of revenue loss of \$2.3 million in FY2025 and \$4.7 million in FY2026 based on a January 1, 2025, implementation date.

Net Operating Loss Carryforward

The Governor increases the number of years that a net operating loss may be carried forward from five to 20, beginning in the tax year starting January 1, 2025.

Background: 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. This is allowed because it can smooth business income, reduce entrepreneurial risk, and help businesses survive economic downturn. The treatment of NOLS by taxation systems does vary.

- **Federal NOL Treatment:** 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” and is permitted as long as it does not reduce any future year’s tax liability by more than 80.0 percent. There is no limit on how long a carryforward may be used. The purpose of the carryforward is to provide tax relief when a company experiences losses and it accounts for the cyclical nature of some companies’ business profits.

Analyst Note: Federal Internal Revenue Service (IRS) rules have changed significantly in recent years in the wake of pandemic relief legislation. NOLs previously were allowed to be applied to previous tax years and the could be used to reduce all taxable income in one year.

- **State NOL Treatment:** According to the Tax Foundation, when states determine how to treat operating losses they typically use federal taxable income as the basis. For example, 19 states conform to the federal NOL provisions. Another 13 restrict carryforwards to 20 years and do not cap the amount of tax that can be offset. A dozen states restrict carryforwards to less than 20 years, including Rhode Island which allows it for five years. Other states include limit how much of the NOL that can be carryforward.

State	# of Years
ME	No limit
MA	20
CT	20
VT	10
NH	10
RI	5

Article 6 Changes: Article 6 increases the number of years that a net operating loss may be carried forward from 5 to 20 beginning in the tax year starting January 1, 2025.

Net Operating Loss – Example

A net operating loss is when deductions exceed income. For example, say in TY 2025 a corporate taxpayer (with 100% apportionment to Rhode Island) had only \$10 million in income but \$19 million in deductible expenses like salaries. This would generate (in this extremely simplified example) Federal Taxable Income of \$(9) million, yielding a \$9 million net operating loss. This taxpayer can carry forward this TY 2025 loss indefinitely under federal law, beginning in TY 2026. However, under current state law after five years the entity could no longer claim the NOL deduction on its state taxes. The table below shows the taxpayer carrying forward annually \$1 million of this loss for 9 years on their federal taxes. In this scenario, the taxpayer’s income bounced back to \$20 million per year, their expenses remained at \$19 million, so their Federal Taxable Income was \$1 million per year. TY 2031 would be the first year this entity’s taxes differed from the status quo, under this proposal.

	Proposed New 20 year period				
	Current Five-Year State Carryforward Period				
	TY2025	TY2026 – status quo and proposal	TY2027-TY2030	TY2031 – status quo	TY2031 - proposal
Income	\$10 M	\$20 M		\$20 M	\$22 M
Deductions	\$19 M	\$19 M		\$19 M	\$19 M
Taxable Income	\$(9) M	\$1 M		\$1 M	\$3 M
Net Operating Loss	\$9 M loss generated	\$1 M loss used	\$1 M loss per year used (\$4 M total used and \$4 M forfeited due to end of period)	\$0 (NOL cannot be used)	\$3 M loss used
		\$8 M NOL remaining		\$0 NOL remaining	\$1 M NOL remaining
Rhode Island					
Adjusted Taxable					
Income	\$0	\$0	\$0	\$1 M	\$0
7% Rhode Island					
Tax	\$400 corporate minimum tax	\$400 corp min tax	\$400 corp min tax	\$70,000	\$400 corp min tax
Tax Savings				\$0	\$69,600

Example provided by the Office of Revenue Analysis

Fiscal Impact: Extending the number of years that a net operating loss may be carried forward to 20 does not have an a near term fiscal impact. The ORA looked at data around how corporations currently spread out their net operating loss overtime for tax purposes. This was then applied to Rhode Island business corporation tax data to come up with an estimate of how corporations would behave with an extended carryforward. Based on these assumptions, the first year Rhode Island should expect to see a change in estimated revenue would be TY2031. ORA forecasts a revenue loss \$2.6 million at that time. This loss continues to grow annually until the full effect of the proposal occurs in TY2045. ORA estimates that the loss in revenue at that time will range from \$18.2 million to \$32.7 million depending on growth assumptions for future net operating losses. These losses will reoccur annually going forward.

Cannabis Tax Changes

Article 6 permits state-licensed, cannabis-related businesses to deduct ordinary business expenses from their federal adjusted gross income for purposes of determining their state tax liability.

Background: In March 2022, Rhode Island legalized the recreational use of cannabis by adults, after many years of having a medical marijuana system. The law created a new marketplace involving state-licensed commercial actors, including retailers, cultivators, and Compassion Centers. There are currently 67 licensed businesses operating in Rhode Island under the program. Another 24 retail licenses will become available in FY2025, as the governing Cannabis Control Council adopts and implements its rules around the license. According to the Office of Cannabis Regulation’s latest data report (December 2023) retail sales at the Compassion Centers total \$10.2 million.

Across the U.S. 38 states have approved cannabis for medical use and 24 have legalized its recreational use. At the federal level, however, cannabis remains illegal. It is considered a Schedule 1 substance under the federal Controlled Substances Act (high potential for abuse, no accepted medical use treatment, lack of safety). Because of this there are significant implications for businesses involved in its manufacture and sale. For example, 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. These expenses can include such things as employee payroll, health care, rental fees, repairs, and utilities. Most states, including Rhode Island, use 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.

According to OMB, there are at least 12 states that have legalized the recreational use of cannabis, including Massachusetts, Connecticut, and Vermont, that have amended state law to allow for the deduction of ordinary business expenses from AGI in determining a businesses tax liability.

Article 6 Changes: Article 6 permits state-licensed, cannabis-related businesses to deduct ordinary business expenses from their federal adjusted gross income for purposes of determining their state tax liability.

Fiscal Impact: ORA estimates that allowing these deductions would result in a revenue loss of \$824,642 in FY2025 and \$1.7 million in FY2026, based on a January 1, 2025 effective date. ORA used data from Colorado, the first state to legalize cannabis and allow deductions, to calculate an average percentage that ordinary business expenses make up of retail sales. This was then adjusted to the Rhode Island market and details of the proposal to arrive at an estimate.

Pass-Through Entity Tax Credit

Background: 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.

Starting in TY2019, Rhode Island began permitting partners of pass-through entities to file returns at the entity level at the highest personal income tax rate (5.99 percent) and 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. These changes were made as part of Rhode Island coming into conformity with the federal Tax Cuts and Jobs Act in 2018.

Article 6 Changes: Article 6 reduces the amount of the tax credit pass-through entity owners may use on their personal income tax filing from 100.0 percent of their pro rata share of the state tax paid at the entity level to 90.0 percent.

Elective Pass-Through Entity Tax Credit Example

This example assumes a pass-through entity with \$1.0 million in income and two equal partners. This example also simplifies to assume the rate paid by the entity is 6% (it’s actually 5.99%) and assumes all of the pass-through income is taxed at the top marginal RI income tax rate (which again, is simplified from 5.99% to 6%). This example also assumes that all pass-through income would be taxed at the second-highest federal tax rate of 35%.

The first table shows the tax savings in this hypothetical from having the elective PTE tax in the first place (before considering the impact of the budget proposal).

	Before the RI Elective PTE Tax (pre-2019)	After the RI Elective PTE Tax (post-2019, not factoring in the budget proposal)
Income for Entity	\$1,000,000	\$1,000,000
RI Elective PTE Tax (6%)	n/a	60,000
Reportable Income	1,000,000	940,000
Federal K-1 to each partner, aka Federal AGI	500,000	470,000
Federal Income Tax at 35%	175,000	164,500
RI Tax (6%)	30,000	30,000
Total Federal and State Tax	205,000	194,500
Tax Savings	-	10,500

This next table shows the state tax difference for one the hypothetical partners from the above entity under the budget proposal. The reduction of the PTE credit that can be claimed by the individual from 100% to 90% does increase their state tax liability. However, this increase (\$3,000) is less than the total savings they originally realized from having the elective PTE option (\$10,500). An entity whose members didn’t realize a savings from using the

elective PTE tax option could revert to the traditional method of not paying any tax at the entity level (other than the corporate minimum tax) and passing all that income to the individual members.

	TY 2024 (status quo)	TY 2025 (budget proposal)
RI AGI	\$470,000	\$470,000
Modification Increasing (to add back the tax paid at the entity level)	30,000	30,000
RI Modified AGI	500,000	500,000
RI Tax (6%)	30,000	30,000
Less Credit for Entity Tax	\$30,000 (100% credit)	\$27,000 (90% credit)
Balance Due to RI	-	3,000

Fiscal Impact: The reduction in the tax credit is estimated to result in an increase in revenue of \$8.1 million in FY2025 and \$16.5 million in FY2026 based on a January 1, 2025, implementation date. ORA used past pass-through entity behavior in Rhode Island to determine a credit usage estimate and then used this assumption along November 2023 Revenue Estimating Conference estimates to arrive at a fiscal impact estimate.

Delinquent Taxpayer List

Article 6 permits the Tax Administrator to publicly publish a list of all delinquent taxpayers that owe amounts of \$50,000 and over.

Background: Current law permits the State’s Tax Administrator to publicly identify up to 100 taxpayers with the largest outstanding state business tax liabilities and whose cases are not on appeal. The Tax Administrator is also permitted to do the same for delinquent personal income taxes. The lists are permitted to include the name and address of the taxpayer, the type of tax owed, the amount of the delinquency, including interest and penalty, as of the end of the most recent quarter. Thirty days prior to publicly posting the delinquency, the Tax Administrator is required to send the taxpayer a formal notice by certified mail. If the taxpayer makes satisfactory arrangements to for payment within the thirty days, the name is not published.

The lists are required to be made available to the public, including via the Division of Taxation’s website. The outstanding amounts on the current lists ([top-100-business-tax-delinquents](#); [top-100-income-tax-delinquents](#)) range from \$195,727 to \$6.3 million for business taxes and \$110,659 to \$3.1 million for personal income taxes. The Division of Taxation collects an average of \$2.5 million per year from those on the list.

Nineteen states publicly publish lists of delinquent taxpayers with various amount thresholds and types of data (CT, MA, VT, and RI in New England). The size of the tax debt involved varies from state to state, but is typically limited to higher amounts. Massachusetts’ threshold amount for appearing on its list is \$25,000. Connecticut’s list is available upon request only.

Article 6 Changes: Article 6 permits the Tax Administrator to publicly publish a list of all delinquent taxpayers that owe amounts of \$50,000 and over. The existing actions and procedures required of the Tax Administrator related to the lists remain unchanged and apply to the expanded delinquencies. According to the Office of Management and Budget, this change is part of a package of budget initiatives recommended by the Governor to enhance collections of outstanding tax debt. In addition to the expanded lists, the Budget includes increased spending on staffing dedicated to collection, new technology, and out-of-state legal services.

Fiscal Impact: The expansion of the delinquent taxpayer lists is estimated by ORA to generate \$3.4 million in FY2025 and \$3.5 million in FY2026 based on the July 1, 2024, implementation date.

Vaping Regulation and Taxation

Article 6 provides for a new regulatory and taxation regime related to Electronic Nicotine Delivery System (ENDS) products and shifts authority from the Department of Health (DOH) to the Department of Revenue (DOR).

Vaping is a smoking substitute that uses battery-powered devices that create an aerosol vapor containing nicotine, other chemicals, and sometimes flavorings. The regulation of vaping is primarily administered within the DOH.

Definitions

For regulatory and law enforcement purposes, ***vaping devices and their related products*** are formally defined in the State's criminal offense statutes related to the sale tobacco products to individuals under 21. (RIGL 11-9-13 through 11-9-13.20). These include:

- **Electronic Nicotine Delivery Systems (ENDS):** An electronic device that “may be used to simulate smoking in the delivery of nicotine or other substance to a person inhaling from the device, and includes, but not limited to, an electronic cigarette, cigars, cigarillos, little cigars, pipes, hookahs, ‘heat-not-burn products’ e-liquids, e-liquid products, or any related device and any cartridge or other component of such a device”.
- **E-Liquids and E-Liquid Products:** Any liquid or substance placed in or sold for use in an ENDS which generally utilizes a heating element that aerosolizes, vaporizes, or combusts a liquid or other substance containing nicotine or nicotine derivative”. This includes whether it is sold separately as a liquid or substance, or in combination with a personal vaporizer, ENDS, or an electronic inhaler.
- **ENDS Product:** A combination of ENDS and/or e-liquids and/or derivatives thereof, and/or any container”. The statute specifically states that ENDS products *do not include* hemp-derived consumable CBD products.

Licensing

The Department of Health is responsible for licensing the commercial actors involved in selling ENDS products in the state. RIGL 23-1-55 through 58 provide the statutory authority to DOH to regulate and license the sale of ENDS products. This authority includes the promulgation of rules and regulations related to licensing applications and administration, setting initial and annual-renewal license fees, and maintaining a license registry website. DOH is prohibited from issuing a license to an applicant that is delinquent in tax filings or has had a license revoked in the previous two years. RIGL 23-1-56 also outlines other limitations on applicants related to the license disposition and behavior of previous license experience. Under its authority DOH issues licenses for the following classifications:

- (1) **Dealer:** A dealer is any person, whether located within or outside of the state, who sells or distributes electronic nicotine-delivery system products to a consumer in the state. Dealers may only obtain ENDS products from a licensed distributor. There are two classes of dealer licenses – retail or vending machine. A separate license is required for each location and machine. Dealer license fees are \$25 per license.
- (2) **Distributor:** A distributor is any person (other than a dealer), in state or out, who sells or distributes ENDS products in the state. There are three classes of distributor licenses – wholesaler, manufacturer, and importer. Distributor license fees are \$25 per license.

Transaction Limitations: The licensing statutes place important limits on licensees. A manufacturer or importer may only sell or distribute ENDS products in the state to a licensed distributor. An importer

may only obtain products from a licensed manufacturer. A distributor may only sell or distribute ENDS products in the state to a licensed distributor or dealer. A distributor may only ENDS products from licensed manufacturers, importers, or distributors. Lastly, a dealer may only get ENDS products from a licensed distributor.

Analyst Note: These transaction limitations are also in effect for manufacturers, importers, distributors, and dealers of cigarettes. According to Taxation, these requirements provide an audit trail for the products, that helps enforcement. RIGL 44-20-13.2(b), however, allows dealers of tobacco products other than cigarettes (OTP), such as cigars, to purchase from unlicensed manufacturers, importers, distributors, and dealers. Taxation indicates that this creates enforcement gaps.

Product Limitations (flavored vapes): Since 2020, DOH regulations (216-RICR-50-15-6.10) have prohibited the sale of flavored ENDS products in the state. The regulations, however, exempt products sold by licensed cannabis Compassion Centers and cultivators. Licensed dealers and distributors self-certify that none of the products they sell have a characterizing flavor. There are five states, including Massachusetts and Rhode Island, and 360 localities that also ban flavored-vaping products. The sale of flavored ENDS products is technically against federal law; however, enforcement is difficult, particularly with online sales.

Analyst Note: In March, 2021 Congress enacted the Preventing all Cigarette Trafficking Act (PACT), which created new rules for the delivery and sale of ENDS products. The PACT Act, among other things, bans the sale of flavored vapes and requires individuals that sell, ship, transfer or otherwise profit from ENDS products to register with the federal Bureau of Alcohol, Tobacco, and Firearms and any state that they ship to.

Penalties

Individuals or businesses found in violation of licensing requirements are given a citation and must appear in district court for a hearing. Convicted violators must pay a \$500 fine, plus court costs.

11-9-13.13 outlines the extensive, and progressive penalties to be imposed on licensees who are found in violation of the selling tobacco and ENDS products to individuals under the age of 21.

Taxation

The taxation of ENDS products varies across the country. Methods include levying taxes based on manufacturer, wholesale, or retail price, volume, or with a bifurcated system that has different rates for open and closed tank systems. According to the Tax Foundation, of those that tax wholesale values, the rate ranges from 10.0 percent in Connecticut to 95.0 percent in Minnesota. In states that tax volume, the rates range per milliliter (mL) range from \$0.05 per mL (DL, KA, NC, WI) to \$0.15 per mL (LA).

Rhode Island, along with nineteen other states, do not levy an excise tax on ENDS products (RI is the only state in New England without one). Sales of ENDS products are subject to the State's 7.0 percent sales tax.

Article 6 Changes

Article 6 provides for a new regulatory and taxation regime related to ENDS products and shifts authority from DOH to the Department of Revenue (DOR).

Regulatory Changes

Article 6 makes the numerous technical amendments to necessary to incorporate the regulation of dealers and distributors of ENDS products into statutes governing the sales and distribution of cigarettes and other tobacco products (OTP) in the state. These include:

- **Definitions**
 - Reiterates within 44-20, the ENDS and E-liquid definitions as codified in RIGL 11-9-13.4.

- Amends the definition of ENDS products in both statutes to now *include* hemp-derived CBD products (as defined in RIGL 2-26-3).
 - Amends definitions related to ENDS products within RIGL 11-9.12-20 “Criminal Statutes – Underage Sale of Tobacco Products” including removing references to DOH-issued licenses and holders.
 - Codifies the prohibition of the sale of flavored ENDS product, its related definitions, penalties, an enforcement authority. The exemption for Compassion Centers and licensed cultivators is retained.
- **Licensing**
 - Repeals the statutes (RIGL 23-1-55 through 58) that provide the DOH with the authority to regulate and license the sale of ENDS products.
 - Charges the Division of Taxation with licensing distributors and dealers of ENDS products. It does this by expanding existing definitions of dealer, distributor, importer, manufacturer, place of business, and “sale or sell under RIGL 44-20 “Cigarette and Other Tobacco Products Tax”, to include ENDS products.
 - The Division of Taxation will consolidate 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.
 - In addition to ENDS products commercial actors, *requires manufacturers, distributors, importers, engaged in selling tobacco products other than cigarettes* in the state to obtain and annual renew a license from the Division of Taxation. The article also clarifies that when it referring to licensed dealers and distributors, this includes manufacturers and importers.

Class	Fee
Manufacturer	\$1,000
Importer	1,000
Distributor	1,000
Non-Stamp Distributor	100
Dealer	25

 - Provides for existing ENDS products-related licensees in good standing to be considered properly licensed under the new law until existing renewal date.
 - Requires Taxation to implement a consolidated license and renewal application and set fees.
 - Incorporate ENDS products licensees with existing cigarettes and other tobacco product transaction limitations. These limitations require that transactions take place between properly licensed entities.
- **Penalties:** Article 6 amends the penalty references in RIGL 11-9 (underage sale of tobacco products) and 44-20 (taxation of cigarettes and OTP) to reflect the shift of regulatory authority from DOH to DOR.

Taxation Changes

- **Excise Tax:** Article 6 subjects ENDS products to an excise tax at the rate 80.0 percent of the wholesale cost of the product. This is the same rate and mechanism for tobacco products other than cigarettes. It also imposes a tax on existing inventory of ENDS products held by dealers, distributors, manufacturers, and importers. The floor tax rate is set at 80.0 percent of the wholesale cost and the article provides for a floor tax filing and collection process. All of these changes take effect on October 1, 2024. With these changes, RI would have the fourth highest rate in the country and the second highest in New England.

Tax Comparison w/ Article 6 Δ

State	% of WS Cost	Volume
VT	92.0%	N/A
RI	80.0%	N/A
MA	75.0%	N/A
ME	43.0%	N/A
CT	10.0%	\$0.40/mL
NH	8.0%	\$0.30/mL

- **Enforcement and Penalties:** The article incorporate ENDS products into its current cigarettes and other tobacco product tax enforcement regime. This includes how contraband product is treated, investigatory powers of the Division of Taxation, inspections, and hearings. Tax violations related to ENDS products are similarly incorporated into the existing penalty structure for cigarettes and other tobacco products.

Fiscal Impact: ORA estimates that the regulatory, licensing, and taxation changes in Article 6 will result in a \$5.3 million increase in excise tax revenue, including \$486,814 from floor stock, in FY2025 and \$6.4 million in FY2026. ORA based its estimates on an October 1, 2025, start date and collections data from Massachusetts, which approaches ENDS products similar to the proposed changes, with a ban of flavored vapes and a wholesale cost-based excise tax.

The proposed changes will require new tax forms and changes to the tax filing system. The Governor recommends 2.0 new enforcement FTE positions in the DOR budget – 1.0 Tax Investigator and 1.0 Taxpayer Assistance Representative. The Budget includes \$163,188 in additional personnel and operating expenses in FY2025 for this work.

Cigarette Tax Increase

The Budget increases the excise tax levied on cigarettes by \$0.25 per-pack of cigarettes, raising the total tax from \$4.25 to \$4.50 per pack of twenty, or to the equivalent of \$0.23 per cigarette.

Background: Rhode Island levies taxes on cigarettes sold or held in the State. Cigarettes are taxed at \$4.25 per pack of twenty, or the equivalent of \$0.21 per cigarette. Dealers and distributors are required to purchase cigarette stamps which are then affixed to packages of cigarettes and provide proof of payment. Stamp rolls are discounted for bulk purchases as a means of compensating dealers for the costs associated with affixing the tax stamps.

When tax increases occur, existing stocks of cigarettes that remain unsold in stores may be assessed a floor stock tax. Taxes are due upon purchase of the tax stamps. Sales and use taxes are also assessed upon tobacco products, and are applied after inclusion of the tobacco taxes into the price.

At \$4.25 per pack, Rhode Island had the fourth highest state cigarette excise tax rate in the nation. However, the total cost of a pack of cigarettes can vary based upon minimum markup and other pricing provisions. A comparison of per-pack costs is included in the minimum markup section below.

Impact of Cigarette Excise Increase and Regional State Comparison

	Rhode Island		Massachusetts	Connecticut
	Previous	Proposed		
Base Price per Pack in \$	\$6.83	\$6.83	\$5.71	\$5.79
Excise Tax in \$	4.25	4.50	3.51	4.35
<i>Subtotal base price + Excise</i>	11.08	11.33	9.22	10.14
Wholesale / Retail Markup	0.99	1.01	2.62	1.52
<i>Total Base Cost</i>	\$12.07	12.34	11.84	11.66
Sales Tax	0.84	0.86	0.74	0.74
Total Price per Pack	\$12.91	\$13.21	\$12.58	\$12.40

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.

Article 6 Changes: This article increases the excise tax levied on cigarettes by \$0.25 per-pack of cigarettes, raising the total tax from \$4.25 to \$4.50 per pack of twenty, or to the equivalent of \$0.23 per cigarette.

Fiscal Impact: The November 2023 Revenue Estimating Conference estimated that cigarette taxes would generate \$125.6 million in FY2024 and \$114.9 million in FY2025. ORA estimates that the tax increase in Article 6 will generate \$2.4 million in FY2025 and \$1.9 million in FY2026 based on a September 1, 2025, implementation date. The 20.8 percent reduction from FY2025 to FY2026 is the result of two

Cigarette Tax Revenue Impact	
Revenue Item	FY2025
Cigarette Excise Tax	\$1.9
Cigarette Floor Tax	0.7
Sales and Use Tax	(0.2)
Total	\$2.4

\$ in millions

Source: Office of Revenue Analysis

factor. The FY2025 revenue estimate includes \$748,375 in floor tax revenue that does not occur again in FY2026. ORA also uses a -7.3 percent year-over-year growth rate in calculating FY2026 to account for normal decline in smoking behavior.

According to ORA, total retail price will increase by \$0.29, from \$12.91 to \$13.21 per individual pack. This amount is \$0.62 more than the total retail price in Massachusetts, and \$0.80 per pack above Connecticut. Floor stock tax is assessed at the same rate per pack of cigarettes. The fiscal impact includes estimates for the additional excise, floor, and associated sales taxes from the change in Article 6. In addition, ORA considers the elasticity of the price of cigarettes when making the estimates. The \$0.25 excise tax increase amounts to a 2.3 percent price increase. Applying elasticity from decreased demand as calculated from previous tax increases results in a net estimated revenue increase of 2.2 percent

Motor Fuel Tax Disposition

Background: Under current law, \$0.01 per gallon of gas purchased in the State is transferred to the Department of Human Services’ Office of Healthy Aging (OHA), of which, \$0.0079 is then transferred to RIPTA, to provide support for the Authority’s elderly and disabled transportation program. This program subsidizes a reduced fare rate for eligible low-income seniors and individuals with disabilities.

Article 7 Changes: Article 6 adjusts the distribution procedure of motor fuel tax revenue as it relates to the Department of Human Services and RIPTA by rescinding the \$0.01 per gallon transfer to OHA and authorizing a direct transfer of \$0.0079 to RIPTA, with the remaining \$0.0021 remaining with OHA for their elderly and disabled transportation programs.

Fiscal Impact: The article does not have a fiscal impact as the adjustment is strictly administrative. RIPTA and OHA would continue to receive the same distribution of motor fuel tax proceeds. According to the Office of Management and Budget, the article changes would increase efficiency by reducing the lag time

of OHA transferring the \$0.0079 to RIPTA. The following table illustrates the disposition of motor fuel tax.

Motor Fuel Tax Transfers	Current Disposition	Article Disposition
RIPTA Transfer	9.25¢	10.04¢
UST to RIPTA	0.50	0.50
DEA Transfer	1.00	0.21
DOT share	21.25	21.25
Garvee Motor Fuel Tax Bonds	2.00	2.00
RITBA	3.50	3.50
Total	37.5¢	37.5¢

Sales Tax Adjustment – Motor Vehicle Excise Tax State Aid Program

The Governor proposes to repeal the law that grows the motor vehicle excise tax reimbursement by the growth of state sales tax collections.

Background: In FY2023, the General Assembly eliminated local motor vehicle excise taxes (“car taxes”) throughout the State. This was the culmination of an extended phase-out period that began with the Motor Vehicle and Trailer Excise Tax Elimination Act of 1998 (MVET Act), was paused for seven years, was reinstated in FY2018, and then finally completed in FY2023, a year earlier than originally contemplated. Throughout the phase-out, the State has provided municipalities with general revenue-funded formula aid that increasingly offset losses in local revenue. The final annual aid distribution amounts by municipality total \$234.7 million (equal to the FY2024 levy) and are codified in RIGL 44-34.1-2.

Current law (RIGL 44-34.1-2 (c)) also provides that beginning in FY2026, the car tax reimbursement provided to municipalities will include an annual adjustment indexed to growth in the state sales tax. This adjustment was originally enacted to mitigate potential foregone revenue loss subsequent to the elimination of the car tax due to changes in the economy. As sales tax revenue grows (or decreases), the State reimbursement to municipalities grows (or decreases), proportionately. The calculation for the adjustment is provided in RIGL 44-34.1-2 (c) and the table to the right illustrates how the reimbursement would grow given the November 2023 Revenue Estimating Conference estimates for FY2024 and FY2025 sales tax estimates. Each municipality would receive a portion of the growth proportional to their total excise tax reimbursement in FY2024.

Variable	Value	Growth
FY2024 Sales Tax	\$1,628,600,000	
FY2025 Sales Tax	1,681,800,000	3.27%
MV Excise Tax Levy	234,712,307	
Value 1/10 Cent	23,265,714	
Tenths/cent in \$234.7M	10	
FY2025 value 15 tenths/cent	242,379,441	
Change	\$7,667,134	

Note: Sales tax values are November 2023 REC estimates

Article 6 Changes: Article 6 repeals the section of law (RIGL 44-34.1-2 (c)) that provides for the calculation and distribution of the annual sales tax growth adjustment to the car tax reimbursement.

Fiscal Impact: The annual sales tax growth adjustment does not have a fiscal impact until FY2026. The out-year impact is summarized in the following table, estimated using the sales tax collections estimates included in the five-year forecast in the Governor’s FY2025 Budget recommendation.

Scenario	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Five-Year Sales and Use Tax Growth Forecast*	-	3.3%	2.6%	3.3%	3.6%	3.7%
Five-Year Motor Vehicle Aid Forecast w/Adjustment	\$234.7	\$234.7	\$242.4	\$248.9	\$257.1	\$266.2
Motor Vehicle Aid Under Article 6	234.7	234.7	234.7	234.7	234.7	234.7
Change	-	(0.0)	(\$7.7)	(\$14.2)	(\$22.4)	(\$31.5)

\$ in millions

* Estimate includes out-year impact of Governor's proposed revenue initiatives impacting the sales tax.

Source: Office of Revenue Analysis

Fee Changes

Article 6 makes the following changes to various fees:

Real Estate Duplicate License Fee: Real estate salespersons are state-licensed professionals that assist clients in buying, selling, or renting properties. Licensed salespersons are prohibited from working independently. They are required to be employed by or be an independent contractor formally associated with a licensed real estate broker. The licensure of these professionals is administered by the Department of Business Regulation (DBR) and the affiliated fees are proscribed by statute.

To ensure licensing compliance, DBR requires salespersons to notify the Department of their broker affiliation and any time it changes. This process is facilitated by DBR's online licensing system. RIGL 5-20.5-11(a)(5) requires DBR to charge \$25 each time a salesperson changes broker.

Article 6 repeals RIGL 5-20.5-11(a)(5), thereby eliminating the fee. According to DBR the fee is unnecessary and an undue burden on realtors. According to DBR and ORA, the determining a precise fiscal impact of this change is not feasible; however, an estimate of a \$20,000 loss of revenue beginning in FY2025 is provided.

Tent Inspection Fee: The use of outdoor event tents on state-controlled property such as state parks, beaches, campgrounds, etc. are subject to the State Building Code. In particular, users of these large temporary tent installations must pull a State building permit and pay a \$50 fee each time the tent is used. The tents are also required to be certified by the State Fire Marshal for safety each time they are used and are subject to a \$75 inspection fee.

Article 6 eliminates these fee requirements and streamlines the Fire Marshal review process, by establishing an annual inspection and certification process for each tent as opposed to requiring it to take place each time the tent is used. According to DBR 135 tent permits were pulled in 2023. Based on this and a January 1, 2025, start date, ORA estimates a \$9,375 revenue loss in FY2025 and \$18,750 loss in FY2026.

Sales Tax Exemption Fee: Charitable, educational, and religious organizations may be exempt from the sales and use taxes in Rhode Island. Qualified exempt organizations must to apply to the Division of Taxation for a Sales Tax Exemption Certificate. According to Taxation, this certificate enables these organizations to make purchases without paying sales tax as long as the certificate is presented prior to the sale. Certificates are valid for four years and require a \$25 application fee.

Article 6 eliminates the application for the Sales Tax Exemption Certificate. Application requirements and deadlines remain unchanged. ORA estimates a \$7,000 revenue loss in FY2025 and a \$14,000 loss in FY2026 based on a January 1, 2025, implementation date for this change.

Liquor Manufacture Duplicate License Fee: Firms operating a brewery, distillery, or winery must obtain liquor manufacturing license from the DBR. A distinct license is required for each place of operation and for each type of manufacture. In addition, the manufacture the alcoholic beverage, the license also authorizes the holder to sell the product at

License	Manufacture License Fees	
	≤ 50K Gal.	> 50K Gal.
Brewery	\$500	\$500
Winery	500	1,500
Distillery	500	3,000

wholesale, limited retail, and limited onsite consumption. The license fee structure is summarized in the table.

Article 6 eliminates the fee requirement for an additional manufacturing license type when a holder of one type expands production to include another type on same premises (a licensed distillery wishes to brew beer as well). The ORA estimates that this change will result in a \$6,000 revenue loss in FY2025 based on a July 1, 2025, effective date.

Vessel Discharge Decal Elimination: Vessels with a permanent marine toilet that operate in Rhode Island waters for more 30 days are required to obtain an inspection from a Department of Environmental Management (DEM) authorized Certified Agent and a No Discharge Certificate Decal. A fee of \$10 to be collected by the certified agent and forwarded to DEM is required. The agent is also permitted to charge up to \$25 for the inspection.

Article 6 eliminates the decal, inspection, and fee requirements. It requires that vessel owners be provided with educational material regarding the requirement that permanent marine toilets be properly secured in a manner that prevents overboard discharges. The ORA estimates that these changes would result in a revenue loss of \$2,000 in FY2025.

Estate Tax Filing Fee: Rhode Island levies a tax, subject to various credits and applied rates, on the transfer of a decedent's estate. Executors, administrators, and heirs-at-law are required to file a statement with the Division of Taxation within nine months after the death that shows the full and fair cash value of the estate, the amounts paid out from the estate for claims, expenses, charges, and fees. Names and addresses of all persons entitled to take any share or interest of the estate must also be provided. A \$50 fee is required when filing the statement.

Article 6 eliminates the \$50 filing fee for deaths that occur on or after January 1, 2025. The ORA estimates that this change will reduce revenue in FY2026 by \$230,000.

Vital Records Revenue: Fees and surcharges collected by the Department of Health (RIDOH) for processing vital records requests are required by statute to be deposited into the Information Technology Initiatives Fund. This requirement is similar to ones for other agencies that utilize major IT systems to conduct business. The original intent for this requirement is that surcharges related to services supported by these systems would be used to maintain and upgrade them over time.

Article 6 shifts the surcharge revenue from the ITIF to the general fund.

Analyst Note: Budget documents suggest that the reason for this shift is to allow the RIDOH to retain the surcharge revenue and not have it diverted to other IT systems across state government. Depositing the funds into the general fund, however, does not accomplish this. Furthermore, the Budget documents do not provide a fiscal impact for this initiative. This shift would necessarily reduce restricted receipts and increase general revenue.

Traffic Violation Penalty Fees to Support Substance Abuse Prevention

The Department of Behavioral Health, Developmental Disabilities, and Hospitals (BHDDH) is responsible for public programming and funding for the treatment and prevention of substance abuse disorders.

Two important pieces of state legislation that provide BHDDH with its framework for substance abuse prevention are the Rhode Island Substance Abuse Prevention Act (RISAPA) (RIGL 16-21.2) and the Rhode Island Student Assistance Junior High/Middle School Student Assistance Act (RISAS) (RIGL 6-21.3). RISAPA promotes prevention programming at the community level through regional task forces. RISAS is a school-based alcohol, tobacco, and other drug abuse early intervention program. Their authorizing legislation provides each of the programs with a mechanism to receive funding from a portion of the traffic violation penalties assessed by the Judiciary.

Regardless of the traffic violation penalty revenue; this work is, and has been, primarily federally-funded. The bulk of the money for substance abuse treatment and prevention, including these two programs, comes

in the form of block grants from the federal Substance Abuse Mental Health Services Administration (SAMHSA). Of the \$32.3 million total appropriation in FY2024, 77.2 percent comes from federal funds and 22.8 percent from restricted receipts. No general revenue is budgeted in FY2024.

Analyst Note: According to OMB, the Judiciary indicated that revenue from traffic violation penalties has never been used to fund substance abuse prevention programs. Furthermore, the statutory funding mechanism for the RISAPA program refers to a section of law listing traffic violation penalties that was repealed in 1999. Funds for RISAPA were to be deposited into the general fund. The RISAS statute appears to properly reference a current list of penalties and requires the associated portion of revenue to be deposited into a restricted receipt account. The two programs were first authorized in the late 1980's.

The Governor's FY2025 Budget includes \$60,000 in restricted receipts for RISAS and \$161,000 in the FY2024 Supplemental.

Article 6 Changes: The article repeals the RISAPA (RIGL 16-21.2-5) and the RISAS (RIGL 16-21.3-3) funding mechanisms. According to the OMB the repeal is “only intended to clean up the statutes and will not impact agency operations.” The OMB does not indicate a fiscal impact from these changes.

Article 7: Related to Economic Development

This article expands or adjusts various economic development incentives managed by the Rhode Island Commerce Corporation. Specifically, the article:

- **Reauthorization of Incentive Programs:** Reauthorizes the Executive Office of Commerce’s (EOC’s) incentive programs for an additional year by extending the statutory sunset provisions placed on them from December 31, 2024, to December 31, 2025.
- **Innovate RI Small Business Fund:** Amends the Innovate Rhode Island Small Business Program by increasing various matching grants managed by the State’s Science and Technology Advisory Council (STAC).
- **Innovation Initiative:** Expands the Innovation Initiative incentive program by extending eligibility for matching grants to employee-owned (or transitioning to employee-owned) businesses and establishing a new “invention incentive” program.

FISCAL IMPACT

There is no direct quantifiable impact in terms of expenditures or revenue related to the initiatives and amendments contained within Article 7. The Governor’s recommended FY2025 Budget does, however, include additional expenditures that support the existing incentives that are modified by the article. These are summarized in the following table.

Incentive	FY2025	FY2025 v. FY2024
	Governor	Enacted
Rebuild RI	\$10.1	(\$16.3)
Wavemaker Fellowship	3.6	(0.4)
Small Business Assistance	2.0	-
Air Service Development Fund	1.2	(1.1)
Innovation Initiative	1.0	(1.0)
Main Streets Revitalization	1.0	-
Innovate RI	1.0	-
First Wave Closing Fund	-	(10.0)
I-195 Redevelopment Fund	-	(2.0)
P-tech	-	-
Total	\$19.9	(\$30.8)

\$ in millions

ANALYSIS AND BACKGROUND

As noted above Article 7 modifies various economic development incentives. The modifications are explained in this section.

Reauthorization of Incentive Programs

Background: The General Assembly enacted a suite of economic development incentives in its 2015 session. To ensure its prerogative of overseeing the effectiveness of these incentives, the General Assembly originally authorized them for only two years by establishing a sunset date of December 31, 2018. Since then several incentives have not been reauthorize, but the majority have been extended five times, most recently by the FY2023 Budget as Enacted. The remaining incentive programs are currently set to expire on December 31, 2024.

Article 7 Changes: Article 7 reauthorizes the following incentives through December 31, 2025.

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

Innovate RI Small Business Fund

Background: The Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs are a pair of federal initiatives whose purpose is to encourage American small businesses to engage in federal research and development activity that has the potential for commercialization. These initiatives involve 12 federal agencies and are coordinated by the US Small Business Administration (SBA). The programs have similar requirements, differing primarily in that STTR funded projects require partnership with a not-for-profit research institution. SBIR/STTR funding is made available in stages – concept development, prototype development, and commercialization.



Rhode Island's Innovate RI Small Business Fund (Innovate RI) was established in 2013 to assist entrepreneurs and small businesses in participating in the SBIR/STTR programs. The goals of the fund include the leveraging of state funds to increase federal research dollars in RI, sustaining companies through early stage product development, encouraging the establishment of high potential ventures in the state, and supporting the development of the talent pipeline. Innovate RI is administered by the Rhode Island Science and Technology Advisory Council (STAC).

According to the STAC, Innovate RI Fund awards are used to defray the costs of applying for SBIR/STTR funds, provide required matching funds for Phases I and II, and hiring interns. Under current law, Innovate RI does not have a Phase III commercialization matching grant component. Innovate RI funding for interns is deployed through STAC's bioscience and engineering internship program (interns are required to be RI residents and go to college in state). Firms receive reimbursements for intern compensation up to \$12 per hour, with a \$3,000 limit.

Article 7 Changes: Article 7 modifies the Innovate RI Fund program as follows:

- Authorizes the STAC, in consultation with the Rhode Island Commerce Corporation, to make awards (called Phase III Commercialization Grants) of up to \$550,000 to eligible businesses to support the commercialization of the results achieved through SBIR/STTR Phase I and II funding.
- Stipulates that 25.0 percent of a Phase III grant will be provided upon award and execution of a grant agreement; 65.0 percent will be made available on a reimbursement basis for eligible expenses; and 10.0 percent will be paid five years after the initial award date, provided that the grantee has stayed in Rhode Island.
- Provides for an application process for a Phase III grant.
- Requires applicants for a Phase III grant to:
 - Have completed their Phase I and Phase II SBIR/STTR awards and reports.
 - Certify that at least 51.0 percent of the research described in the Phase III application and any other SBIR/STTR proposals and commercialization will be conducted in the state and that the business will remain Rhode Island-based for five years after the award is made.
- Amends the STAC’s bioscience and engineering internship program to allow reimbursements of pay rates up to the Rhode Island minimum wage, with a \$6,500 total limit.

Fiscal Impact: The changes in Article 7 do not have a direct fiscal impact. The Governor does recommend \$1.0 million in FY2025 for Innovate RI, level with FY2024 and FY2023.

Innovation Initiative

Background: The Innovation Initiative is a multi-pronged economic development incentive program administered by the RI Commerce Corporation. The program seeks to both build capacity among innovation business support organizations in the State and provide direct assistance to businesses, enabling them to better conduct research and development or procure technical assistance.

The Innovation Initiative is structured into two components:

- **Innovation Network Program:** The Innovation Network program provides grants to organizations, including non-profits and for-profits, universities, and co-working space operators that offer technical assistance, operations space on flexible terms, and access to capital to businesses in advanced or targeted industries (as identified by the State’s long economic development strategic plan.) To receive an award, organizations must demonstrate a match from a private sector partner or a not-for-profit. An example of an Innovation Network grant is the January 2023, award to Social Enterprise Greenhouse (SEG) of \$100,000. SEG is using these funds to expand its microgrant funds that support small businesses with entity formation, technology needs, legal support, and space.
- **Voucher Program:** The Voucher program provides financing to small businesses, in amounts ranging from \$5,000 to \$75,000, that may be used to pay for: research and technological development; product development; commercialization; market development; technology exploration; and improved business practices/strategies that grow business and create operational efficiencies. Jaia Robotics, a recent voucher recipient for example, is using its \$74,535 award to access Roger Williams University Aquatic Diagnostic Lab in an effort to automate a “pathogen detection process” for aquaculture and fisheries.

A total of 160 companies have received approval from the Commerce Corporation for Innovation Vouchers or Network Matching grants totaling \$10.4 million.

Article 7 Changes: The article makes several changes to the Innovation Initiative incentive program.

- The article expands the types of organizations eligible for the Innovation Network program to include businesses that are “evaluating a transition to become employee-owned businesses.” This category is not restricted to advanced or targeted industries.

- The article establishes a new invention incentive program that provides grants up to \$5,000 to small businesses and individuals to reduce barriers to filing a patent application. 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.

Fiscal Impact: The changes in Article 7 do not have a direct fiscal impact. The Governor recommends \$1.0 million in FY2025 and \$2.0 million in FY2024. There has been \$15.5 million appropriated since 2016 for this program.

Article 8: Relating to Education

This article modifies the education aid funding formula by limiting the annual growth in the core-instruction amount to the average five-year annual percentage change in the consumer price index and increasing the weight for the English Learners (EL) categorical program from 15.0 percent to 25.0 percent. Taken together, the cap in the core-instruction amount net the increase in the EL weight reduces education aid funding by \$11.9 million relative to the current law calculation. However, the Governor includes \$15.0 million in general revenue for the Department of Elementary and Secondary Education to develop state plans for English Language Arts (ELA) and mathematics.

The article amends the mandatory school lunch and breakfast programs to require 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.

FISCAL IMPACT

The following table shows the impact by district of the Governor's cap on the core-instruction amount and the increased EL weight relative to current law. The current law calculation includes the October 2023 data used in the Governor's recommendation, the higher core-instruction amount of \$12,617, a 15.0 percent weight for EL, and a freeze on stabilization funds at the FY2024 enacted level.

Governor minus		Governor minus	
District	Current Law	District	Current Law
Barrington	(\$242,509)	Portsmouth	(66,113)
Burrillville	(294,329)	Providence	937,099
Charlestown	(34,142)	Richmond	(136,946)
Coventry	(595,039)	Scituate	(75,597)
Cranston	(1,176,159)	Smithfield	(212,083)
Cumberland	(501,840)	South Kingstown	(120,868)
East Greenwich	(130,370)	Tiverton	(124,897)
East Providence	(714,589)	Warwick	(905,743)
Foster	(25,429)	Westerly	(168,191)
Glocester	(68,045)	West Warwick	(791,964)
Hopkinton	(149,577)	Woonsocket	(970,343)
Jamestown	(17,285)	Bristol-Warren	(246,708)
Johnston	(397,115)	Exeter-West Greenwich	(118,985)
Lincoln	(387,131)	Chariho	(6,477)
Little Compton	(7,261)	Foster-Glocester	655,758
Middletown	(121,867)	Central Falls	(327,992)
Narragansett	(41,036)	District Total	(\$9,680,339)
Newport	(140,347)	Charter School Total	(1,853,630)
New Shoreham	(1,294)	Davies	(207,585)
North Kingstown	(269,722)	Met School	(129,677)
North Providence	(440,675)	Urban Collaborative	(9,822)
North Smithfield	(171,240)	Youth Build Academy	(42,825)
Pawtucket	(1,073,290)		
		Total	(\$11,923,877)

ANALYSIS AND BACKGROUND

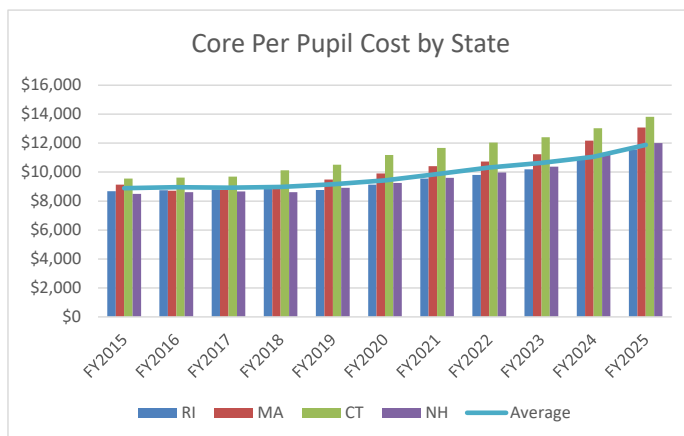
The article makes the following changes to education aid and the school lunch and breakfast programs:

Core-Instruction Amount

The core instruction amount provides a base level of funding per pupil when calculating education aid to school districts. Under current law, it is derived from the average of northeast regional expenditure data from Rhode Island, Massachusetts, Connecticut and New Hampshire, as published by the National Center for Education Statistics (NCES). Based on the time needed to collect data and develop the budget, the data used in the FY2025 Budget is based on FY2023 expenditures.

The core amount is used to calculate the funding formula distribution, the enrollment transition fund, the poverty stabilization fund, the threshold for High-Cost Special Education reimbursement, the funding formula adjustment for Group Home Aid, and the English Learners fund.

In the Governor's FY2025 Budget, the increase in the core-instructional amount is capped at the average five-year annual percentage change in the consumer price index, for FY2025 that is 3.9 percent or \$459, providing a per-pupil amount of \$12,335. Under current law, the core amount would be \$12,617, an increase of 6.2 percent.



English Learners (EL)

When established through Article 11 of the FY2017 Budget as Enacted, the English Learners (EL) categorical fund provided a 10.0 percent weight and was often not fully funded to meet the qualified reimbursements. The FY2024 Budget as Enacted increased the weight to 15.0 percent and eliminated the ratable reduction clause, requiring the category to be fully funded; consequently, the fund currently provides additional aid of 15.0 percent of the per-pupil core instruction amount for each qualified EL student multiplied by the state share ratio. The WIDA (World-Class Instructional Design and Assessment) Kindergarten-MODEL and the WIDA Screener 1-12 grade are used to identify EL students. The WIDA ACCESS (Assessing Comprehension and Communication in English State to State) is used for monitoring and growth in grade K-12. WIDA is a consortium of state departments of education that developed the ACCESS test that is administered annually to English Learners to monitor the student's language development. The models classify student into six proficiency categories. The categorical aid is used for the three lowest categories: emerging, emerging, and developing.

The current law formula is provided below.

$$(\text{Per-pupil core instruction amount} \times \text{number of EL students}) \times 15.0 \text{ percent} \times \text{state share ratio} = \text{additional state support per EL student}$$

The Governor recommends increasing the weight from 15.0 percent to 25.0 percent of the core amount. The Budget provides \$36.1 million in FY2025 to fully fund this category with a core amount of \$12,335 and a 25.0 percent weight, an increase of \$16.6 million relative to the previous fiscal year. Under current law, with a core amount of \$12,617 and a 15.0 percent weight, the increase would be \$2.7 million relative to the FY2024 Budget as Enacted, \$13.9 million less than the Governor's recommendation for EL.

School Lunch and Breakfast

The Governor fully funds the State's share of administrative costs for the school breakfast program (\$270,000). These administrative costs include hiring servers needed to effectively run the program and

encourage participation. In addition, the Budget includes \$812,952 in general revenue to provide free school meals to all students in public schools eligible for reduced-price meals. The article requires the State to provide funding to districts to cover the difference between the federal reimbursement for free meals and the reimbursement for reduced-price meals; however, schools are only required to provide the meals for free to the extent that federal, state, and other funds are available.

Pursuant to the national school lunch program, students from families with an income up to 130.0 percent of poverty level (\$39,000 for a family of four) qualify for a free meal, and students from families with an income up to 185.0 percent (\$55,500 for a family of four) qualify for a reduced-price meal (\$0.40 or less). According to the Rhode Island Department of Education, 69.0 percent of the lunches served in the State are free or reduced-price meals. According to the Department of Education, 16.6 million meals were served in FY2023.

The cost is estimated based on the number of students eligible, 2.3 million meals, not the number of reduced meals served, which was 969,897 in FY2023. Eligibility was used to ensure adequate funding in the first program year.

	FY2023 School Meals Served			
		Reduced		
	Full Price	Price	Free	Total
Breakfast	1,164,594	264,161	3,649,058	5,077,813
Lunch	4,447,842	705,736	6,403,739	11,557,317
Total	5,612,436	969,897	10,052,797	16,635,130

Source: Rhode Island Department of Education

Article 9: Relating to Medical Assistance

This article modifies current laws governing the Hospital Licensing Fee (HLF), nursing home payments, Disproportionate Share Hospitals (DSH), the implementation date of the Certified Community Behavioral Health Clinics (CCBHCs), and the annual Medicaid Resolution.

FISCAL IMPACT

The article aligns the Hospital Licensing Fee (HLF) for state-owned hospitals with that of non-government owned hospitals imposing the fee in FY2025 and using the same base year of FY2022 when determining the revenues. This change increases the revenue estimate for both FY2024 and FY2025 by \$493,834.

The delay of Certified Community Behavioral Health Clinic (CCHBC) initiative results in a general revenue decrease of \$4.4 million (\$11.4 million all funds) in FY2024, and \$16.0 million in general revenue (\$42.8 million all funds) in FY2025.

ANALYSIS AND BACKGROUND

Hospital Licensing Fee (HLF)

The article includes technical amendments to remove outdated language and continue the HLF fee into FY2025. The base year for the licensing fees levied in FY2024 and FY2025 is FY2022. In addition, the article aligns the HLF for state-owned hospitals with that of non-government owned hospitals imposing the fee in FY2025 and uses the same base year of FY2022 when determining the revenues. This change increases the revenue estimate for both FY2024 and FY2025 by \$493,834. The HLF is estimated to generate \$212.4 million in FY2024 and \$212.9 million in FY2025.

The federal government allows states to assess taxes on health care provided the taxes are broad-based, uniformly imposed throughout a jurisdiction, and do not violate the hold harmless provisions specified in federal regulation. These taxes include revenue from patient care activity but exclude non-patient enterprises such as research, academic activity, or investment earnings. Rhode Island assesses a number of provider taxes, including a hospital licensing fee (HLF) authorized by RIGL 23-17-38.1. The HLF must be authorized annually.

The FY2024 Budget as Enacted amended the HLF to bring the fee into compliance with federal Centers for Medicare and Medicaid Services (CMS) requirements. The new calculation separates inpatient and outpatient hospital license fees, providing a three-tier structure within each class. The total state share raised from each tax will not exceed 6.0 percent of the net patient revenue for each applicable class. The percentages are applied to a hospital's inpatient/outpatient net patient-services revenue for the first hospital fiscal year ending on or after January 1, 2022.

Article 9 Relating to Medical Assistance			
Hospital Tax Tiers			
	Inpatient	Outpatient	
Tier	Tax Rate	Tax Rate	Hospital Types Included in Tier
I	13.12%	13.30%	Hospitals that do not meet the description of Tiers II or III, including Bradley, Butler, Kent, Newport
II	2.63%	2.66%	<ul style="list-style-type: none"> Acute care hospitals with high Medicaid/Uninsured costs, including Landmark, OLF, RIH, RWMC, and W&I Independent Hospitals not part of a multi-hospital system, such as South County Hospital
III	1.31%	1.33%	Medicaid designate "low volume" hospitals, such as Westerly, Rehabilitative Hospitals, and the Rehabilitative Hospital of RI

Nursing Facilities

The article clarifies current practice by specifying that the methodology for providing annual inflationary increases for certain per-diem components in Medicaid payments includes "other-direct care". This component has been adjusted annually for inflation since the implementation of the Resource Utilization Group (RUG) based payment.

Disproportionate Share Hospitals (DSH)

The Disproportionate Share Hospitals (DSH) payments are required under federal statute and intended to offset uncompensated care costs for hospitals in order to improve access for Medicaid and uninsured patients, as well as improving the financial stability of safety-net hospitals. The article 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 at \$14.7 million, consistent with the November 2023 Caseload Estimating Conference (CEC), and require payment on or before June 30, 2024, instead of June 15, to allow for the passage of the budget.

Certified Community Behavioral Health Clinic (CCBHC)

The article moves the statutory deadline for establishing a Certified Community Behavioral Health Clinic (CCBHC) model from February 1, 2024, to July 1, 2024, to reflect the updated project timeline, and provides that changes in federal guidance or requirements may delay the implementation of certified clinics. The delay results in a general revenue decrease of \$4.4 million (\$11.4 million all funds) in FY2024, and \$16.0 million in general revenue (\$42.8 million all funds) in FY2025. The reduction is due to the following:

- **Delayed CCBHC site implementation:** The Budget includes funding to support 4 CCBHCs beginning operations on July 1, 2024, and another 4 CCBHCs coming on line on January 1, 2025; instead of, three sites billing on February 1, 2024, with the remaining 5 starting in FY2025.
- **Prospective Payment System (PPS) Rates:** The PPS rates reflect the per-member cost utilized for the cost estimate. The rate used for the FY2024 Budget as Enacted was derived from three cost reports applied to the February 1, 2024, timeline. The estimate used for the Governor's recommendation applies the lowest of the three cost reports to the updated timeline. The Department is currently working with providers to clarify the costs, but recent data indicates a lower PPS rate.
- **Third Party Liability (TPL):** The estimate includes an assumption of cost avoidance for fee-for-service (FFS) and managed-care organization (MCO) spending due to TPL. The Budget includes 1.0 new FTE position to focused on TPL recovery for dual-eligible members. Medicaid is a payer of last resort, consequently, third party payers such as private insurance, Medicare, or employer-sponsored insurance should be exhausted before Medicaid is billed. Dual-eligible members are enrolled in both Medicaid and Medicare.
- **Inflation:** The current estimate does not include an inflation adjustment for the first year of implementation.

The CCBHC model is designed to ensure access to coordinated comprehensive behavioral health care through specially-designated clinics that provide a comprehensive range of mental health and substance-use-disorder services. In 2017, the Substance Abuse and Mental Health Services Agency (SAMHSA) selected eight states to participate in the demonstration program including New York and Minnesota. Case studies in both of these states found cost savings and reduction in utilization of emergency department and inpatient hospitalization of more than 50.0 percent, as a result of the program. Currently, 10 states are participating in the CCBHC federal demonstration program. EOHHS projects that full implementation of the program will result in improved access to behavioral health services and a reduction in emergency department and inpatient utilization.

Amendments to the Rhode Island Medicaid Reform Act Resolution

The article establishes the legal authority for the Secretary of the Executive Office of Health and Human Services (EOHHS) to review and coordinate amendments to the Medicaid State plan and category II and III changes in the demonstration "with potential to affect the scope, amount, or duration of publicly-funded

health care services, provider payments or reimbursement, or access to or the availability of benefits and services provided by Rhode Island general and public laws”. In FY2025, the article provides the EOHHS will seek federal approval for the following changes:

- **Nursing Facility Payment:** Clarification that the “other-direct care” component of the nursing facility per diem may be revised as necessary;
- **Disproportionate Share Hospitals (DSH) Care Calculation:** To factor in the State-directed payment to hospitals in the base-year uncompensated care used for the DSH payments;
- **Provider Reimbursement Rates:** Implement the rate increases recommended in the Social and Human Service Programs Review Final Report from the Office of the Health Insurance Commissioner (OHIC) over three years, except for the increase for the Early Intervention services which will be fully implemented in FY2025; and,
- **Federal Financing Opportunities:** Empower EOHHS to pursue any changes to the Medicaid program that “promote, increase and enhance service quality, access and cost-effectiveness”.

Article 10: Relating to Leases

This article authorizes a single lease agreement for the renewal of office and operating space for the Department of Corrections as required by RIGL 37-6- 2(d), which requires approval of the General Assembly for any new or extended lease agreements meeting certain conditions.

FISCAL IMPACT

Specifically, the article authorizes one lease agreement.

State Agency	Renewal or New Lease	Location	Sq. Ft.	Lease Term	Aggregate Rent	Max. Annualized	Current Lease Expires
Corrections	Renewal	249 Roosevelt Avenue, Pawtucket	4,700	5-years	\$533,580	\$106,716	July 31, 2024

ANALYSIS AND BACKGROUND

The article authorizes one lease agreement pursuant to RIGL 37-6-2(d), which requires that the approval of the General Assembly for any new or extended lease or rental agreements with a term of five (5) years or longer, where the State is the tenant, and the aggregate rent during the proposed term is more than five hundred thousand dollars (\$500,000).

For agreements meeting these specifications, the law states that the State Properties Committee must submit a resolution including the following information: the purpose of the lease or rental agreement, the agency’s current lease or rental costs, the expiration date of the present lease or rental agreement when applicable, the total range of costs of a new lease or rental agreement, the proposed term length of a new agreement, and the location and current owner of the property.

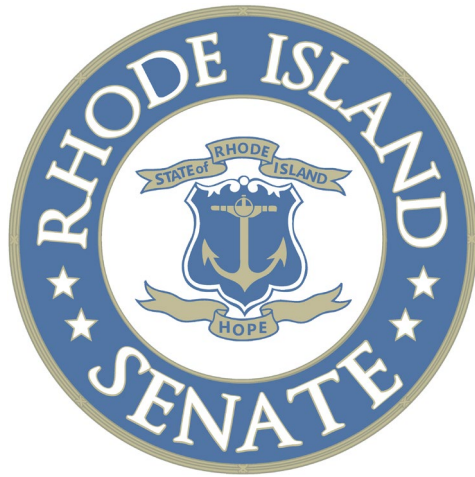
The article authorizes the following lease renewal agreement.

Department of Corrections – 249 Roosevelt Avenue, Pawtucket

The article 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.

Article 11 - Relating to Effective Date

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



FY2024 SUPPLEMENTAL BUDGET ARTICLES

2024 – H-7224: Relating to Making Revised Appropriations in Support of FY2024

Article 1 outlines the appropriation amounts from all fund sources for the FY2024 Supplemental Budget. In most cases, the appropriations are by fund source at the program level in each department or agency. The article includes the FTE position authorizations by department or agency. Other sections of the article outline the use of contingency funds; expenditure limits for internal service funds; and, disbursements of Lottery, Temporary Disability Insurance, Employment Security, and University and College Funds. This article makes appropriations for general revenues, federal, restricted, and other funds, and authorizes FTE levels for each agency and department. Article 1 also includes the following items:

- Sets the airport impact aid formula at \$1.0 million.
- Authorizes 15,652.8 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 \$7.6 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.
- 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, 2024, 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 descriptions within the Department of Housing for two projects determined to have components that would not fall within SFRF spending constraints.
- 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.
- 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 \$2.4 million from funds previously transferred to the RIIB for the Municipal Infrastructure Matching Grant Pool to the State Controller by June 30, 2024.

APPROPRIATIONS

Article 1 makes appropriations from general revenues and authorizes expenditures of federal funds, restricted receipts, and other funds for the fiscal year ending June 30, 2024.

Expenditures by Source	FY2023 Final	FY2024 Enacted	FY2024 Governor	Change to Enacted
General Revenue	\$5,074.9	\$5,425.1	\$5,378.9	(\$46.2)
Federal Funds	5,251.6	5,643.0	5,793.7	150.7
Other Funds	2,218.8	2,550.6	2,793.4	242.8
Restricted Receipts	354.6	392.1	443.0	50.9
Total	\$12,899.9	\$14,010.8	\$14,409.0	\$398.2

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

Section 1 also provides language directing the disbursement of specific appropriations including:

- **Administration – Large Systems Initiatives Fund:** The Budget maintains that \$13.0 million in general revenue shall be transferred to the Large Systems Initiatives Fund by July 14, 2023, for the purpose of implementing and maintaining enterprise-wide software projects. The Fund would be established using \$13.0 million, of which \$8.0 million will be additional funding for the Comprehensive Child Welfare Information System (CCWIS) information technology project and \$5.0 million will be allocated to the Gateway to Government, to expand the current Digital Government pilot program to transition licensing processes to a paperless platform.
- **Commerce:** The Budget allocates \$900,000 in general revenue for the annual support for the Rhode Island Science and Technology Council (STAC).
- **Labor and Training – Direct Care Training:** The article requires \$600,000 in general revenue be used for enhanced training for direct care and support services staff to improve the resident quality of care for nursing facility residents.
- **Office of Health and Human Services:** The Article provides that \$220,000 in general revenue is for the Children's Cabinet to assist with the planning for an early childhood governance structure and \$2.5 million in general revenue is for the Graduate Medical Education programs at the hospitals.
- **BHDDH – DD Consent Decree:** Article 1 removes the specific dollar allocation of \$33.2 million in general revenue (\$75.0 million all funds) for direct support professional wage increases, and instead changes the allocation language “to an amount certified by the department.” The State has been under a Consent Decree with the United States Department of Justice since 2014, requiring the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH) to foster more supportive and less isolated employment opportunities and day services for individuals with intellectual and developmental disabilities. With the Consent Decree scheduled to end in FY2024, the State has agreed to an action plan to ensure the requirements of the Consent Decree are fulfilled.
- **RIDE - Individualized Education Programs (IEPs):** The Article provides that \$450,000 and 3.0 FTE positions are allocated to support special education functions that facilitate IEPs and 504 services.
- **RIDE - Rhode Island Vision Education and Services Program and Auditory Oral Program:** The Article requires that \$684,000 from the Department of Elementary and Secondary’s administrative share of federal Individuals with Disabilities Education Act funds, be allocated to the Sherlock Center on Disabilities to support the Rhode Island Vision Services Program and that \$270,000 of the Department’s allocation of education stabilization discretionary funds be used to support the Rhode Island Auditory Oral Program.
- **RIDE - Education Aid:** The Budget provides that the criteria for the allocation of early childhood funds must prioritize prekindergarten seats and classrooms for four-year-olds with a family income at or below 185.0 percent of federal poverty guidelines and who reside in communities with higher concentrations of low performing schools.

- **Public Safety - Body-worn Camera:** The article includes \$14.0 million of one-time general revenue to support the new statewide body-worn camera program for law enforcement officers. This reflects an increase of \$531,946 from reappropriated funds from the FY2024. On June 16, 2021, the State’s political and law enforcement leadership announced support for a statewide program to put body-worn cameras on every frontline police officer and supervisor in Rhode Island. The statewide program is designed to equip approximately 1,700 of Rhode Island’s uniformed patrol officers, across every municipal police department and the Rhode Island State Police, with body-worn cameras by December 2022. All unexpended or unencumbered balances as of June 30, 2024, shall be reappropriated to FY2025.
- **Rhode Island Public Transit Authority - Paratransit Voucher Pilot Program:** The Budget authorizes and directs RIPTA to use \$500,000 of gas tax revenue to conduct a pilot program in order to study the expansion of the Authority’s paratransit services to communities that are currently underserved. The Authority will provide individuals with prepaid vouchers to cover the costs associated with their paratransit use. RIPTA must commence the program by January 1, 2024, and the Authority shall submit a report concerning the conclusions to the Speaker of the House and the Senate President no later than June 1, 2025.

FUND TRANSFERS

Article 7, Section 9 of the FY2018 Budget as Enacted (RIGL 35-3-7(a)(2)) requires that when a state budget submitted to the General Assembly includes monetary transfers to the general fund from public corporations, it must be accompanied by alternative funding proposals that may be considered in lieu of the public corporation transfers.

Analyst Note: The Governor’s Budget does not contain the alternative proposal language. This typically has appeared in the budget transmittal letter in the past.

- **Department of Environmental Management - Underground Storage Tank Trust Fund:** The Budget 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.

Rhode Island has 1,787 registered and active underground storage tanks, all of which pose a potential environmental threat if leakage should occur. The Underground Storage Tank (UST) Clean-up Fund was created in 1994 to provide an effective mechanism for USTs owners to comply with financial responsibility requirements and to ensure that the environmental and public health impacts of UST leaks are addressed in an effective and timely manner. Payments from the fund are made to qualified applicants on a reimbursement basis.

Article 3 of the FY2024 Budget as Enacted repealed the Underground Storage Tank Advisory Board. According to the Department of Environmental Management (DEM), the Board was largely defunct. The Board did not have any members and hadn’t held any meetings since 2016 when legislation was passed changing the Board from a review to an advisory body and transferring the Board’s authority over funding to DEM. Since the Board has been vacant and inactive for years, there was no impact on current activities or expenditures and DEM continues to supervise the clean-up process and insuring that each project meets state requirements.

The first payment was made from the fund in 1997 and since then reimbursements of over \$63.0 million have been made to clean up contamination from 261 UST sites. From FY2018 to FY2023, the fund has experienced average, annual expenditures of \$995,834.

UST	Current Balance (1.23.2024)	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 (as of 1.23.2024)	AVERAGE FY2018 to FY2023
	\$7,088,797								
Expenditures		\$1,584,417	\$1,034,157	\$913,690	\$756,260	\$804,406	\$882,077	\$194,883	\$995,834
Receipts		1,974,677	2,108,431	1,830,778	1,767,545	1,838,247	1,331,015	426,726	1,808,449
<i>difference</i>		\$390,260	\$1,074,275	\$917,088	\$1,011,285	\$1,033,842	\$448,938	\$231,843	\$812,614

Source: RIDEM

- RIIB Municipal Infrastructure Matching Pool Program Transfer:** The article requires the Rhode Island Infrastructure Bank (RIIB) to transfer \$2.4 million from State's Municipal Infrastructure Grant program (MIG) to the General Fund. 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. 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 and applications for the grants need to take place during FY2023.

According to the Office of Management and Budget, the \$2.4 million transfer represents the excess balance remaining in the matching pool.

INTERNAL SERVICE FUNDS

Article 1 authorizes 15 specific, capped internal service accounts to permit reimbursement of costs for work or other services performed by certain departments or agencies for any other department or agency. The FY2018 Budget as Enacted established centralized accounts for each agency and allows the Department of Administration to draw upon these accounts for billable centralized services and deposit the funds into the rotary accounts under the Department of Administration. Reimbursements may only be made up to the expenditure cap for each account, as outlined below.

Internal Service Account	FY2024 Enacted	FY2024 Governor	Change
State Assessed Fringe Benefits	\$37,390,672	\$37,381,752	(\$8,920)
Administration Central Utilities	39,364,206	32,749,880	(6,614,326)
State Central Mail	8,076,555	8,060,275	(16,280)
State Telecommunications	3,659,422	3,660,201	779
State Automotive Fleet	13,069,648	15,412,286	2,342,638
Surplus Property	44,789	44,789	-
Health Insurance	272,732,438	272,734,901	2,463
Other Post-Employment Benefits	63,858,483	63,854,008	(4,475)
Capitol Police	1,411,825	1,393,502	(18,323)
Corrections Central Distribution Center	7,534,562	7,737,966	203,404
Correctional Industries	8,339,394	8,247,522	(91,872)
Secretary of State Records Center	1,175,426	1,167,506	(7,920)
Human Resources Internal Service Fund	17,117,623	17,853,821	736,198
DCAMM Facilities Internal Service Fund	61,150,543	53,343,973	(7,806,570)
Information Technology Internal Service Fund	56,136,183	56,110,196	(25,987)
Total	\$591,061,769	\$579,752,578	(\$11,309,191)

FTE POSITIONS

Article 1 establishes the authorized number of full-time equivalent (FTE) positions for each State department and agency. Departments and agencies may not exceed in any pay period the number of authorized FTE positions shown. The Budget recommends a net increase of 15.9 FTE positions as compared to the authorized level set in the FY2024 Budget as Enacted. The following table illustrates the FTE levels by government function:

FTE Positions by Function	FY2024 Enacted	FY2024 Governor	Change to Enacted
General Government	2,533.4	2,545.3	11.9
Human Services	3,795.3	3,798.5	3.2
Education	4,242.8	4,242.8	-
Public Safety	3,333.6	3,334.4	0.8
Natural Resources	457.0	457.0	-
Transportation	755.0	755.0	-
Subtotal	15,117.1	15,133.0	15.9
<i>Higher Ed. Sponsored Positions</i>	<i>519.8</i>	<i>519.8</i>	<i>-</i>
Total FTE Positions	15,636.9	15,652.8	15.9

Article 2: Relating to the Director of the Department of Health

This article amends RIGL 36-4, entitled “Merit System” and allows the Governor to set the salary of a Director of the Department of Health in Calendar Year 2024, for the 5-year term as defined in statute.

FISCAL IMPACT

The Budget does not assume a fiscal impact for the statutory changes, however, the authorization for the Governor to set the salary for the Director of the Health in the 2024 calendar year could increase personnel expenditures within RIDOH.

ANALYSIS AND BACKGROUND

According to the Office of Management and Budget, the Article 2 change is intended to help the State attract and retain a new Director of Health as it is currently headed by an interim Director, and has lacked permanent leadership since January 2022. Article 2 amends the process of determining the Director salary and enables the Governor to set the Director’s salary without a public hearing, mandated by RIGL 36-4-16, 36-4-16.2, 36-4-16.4 and 36-6-3. This strategy has been utilized in past budgets, specifically with the Director of the Department of Children, Youth, and Families (DCYF).

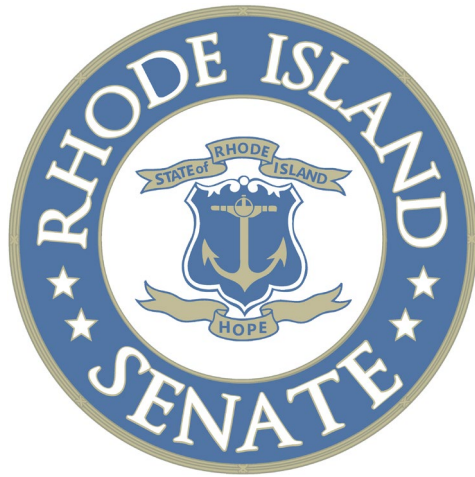
In September 2022 the Department of Administration (DOA) held a public hearing regarding the pay plans of unclassified employees, which included Cabinet Director positions. During this hearing, the annual compensation for the Director of the Department of Health was increased by \$10,756, from \$140,000 to \$156,765. Despite the pay plan change, the Department is still unable to recruit a Director. Comparable positions in Connecticut and New Hampshire are set at \$210,000 and \$161,791, respectively.

RIGL 42-6-10 requires the Director to be a licensed physician with at least one year of graduate education in public health administration or at least five years of experience in health administration. During the period of their appointment, the Director is prohibited from engaging in another occupation.

Under RIGL 42-6-9, the Director is appointed to a 5-year term, nominated by the Governor with advice and consent from the Senate, and is eligible for reappointment upon the end of their term. The structure of the Director’s position is unusual compared to the other positions of Cabinet Directors, as Cabinet Directors, excluding the Director of Health, serves at the pleasure of the Governor. The Department of Health’s rationale behind the 5-year term is that this spans past a Governor’s single term and provides stability for not only the Department of Health, but the numerous organizations dependent on the Department’s guidance. Delinking the position from political affiliations ensures that the Department’s oversight and regulating responsibilities remain effective, regardless of the Governor’s tenure.

Article 3 - Relating to Effective Date

This article provides that the Act will take effect upon passage.



APPENDIX

Summary Tables

GENERAL REVENUE SURPLUS

	FY2022 Audited	FY2023 Preliminary Audited	FY2024 Enacted	FY2024 Governor	FY2025 Governor
Opening Surplus					
Free Surplus	\$374,425,433	\$209,649,745	\$368,706,714	\$412,262,967	\$195,871,918
Adjustment to Opening Surplus	\$155,277,927	\$270,762,495	\$5,055,846	\$14,717,153	
Reappropriated Surplus	8,446,365	19,442,046		45,152,130	
Subtotal	\$538,149,725	\$499,854,286	\$373,762,560	\$472,132,250	\$195,871,918
Total Revenues	5,204,244,069	\$5,212,664,935	\$5,276,275,288	\$5,323,214,441	\$5,475,253,452
To Cash Stabilization Fund	(167,360,085)	(162,669,440)	(169,349,460)	(172,064,322)	(170,133,761)
From Cash Stabilization Fund					
Total Available Resources	\$5,575,033,709	\$5,549,849,781	\$5,480,688,388	\$5,623,282,369	\$5,500,991,609
Total Expenditures	5,239,941,918	5,074,929,254	5,425,140,429	5,378,940,944	5,500,088,983
Total Surplus	335,091,791	474,920,527	55,547,959	244,341,425	902,626
Intrafund Transfers to restricted receipts	(106,000,000)	(4,444,444)			
Transfer to Retirement System		(6,530,493)			
Transfer to Supp. State Budget Reserve Fund		(6,530,493)	(55,000,000)	(55,000,000)	
Repeal of surplus transfer to Supp. State Budget Reserve Fund				6,530,493	
Reappropriations	(19,442,046)	(45,152,130)			
Free Surplus	\$209,649,745	\$412,262,967	\$547,959	195,871,918	\$902,626
Rainy Day Fund	\$278,933,475	\$271,115,733	\$282,249,100	\$286,773,870	\$283,556,268

ALL FUND EXPENDITURES

	FY2023 Final	FY2024 Enacted	FY2024 Governor	Change from Enacted	FY2025 Governor	Change from Enacted
General Government						
Department of Administration	\$846,403,537	\$717,766,683	\$712,134,658	(\$5,632,025)	\$519,398,065	(\$198,368,618)
Department of Business Regulation	31,137,732	42,322,903	42,372,623	49,720	39,644,775	(2,678,128)
Executive Office of Commerce	169,903,550	241,627,641	258,928,267	17,300,626	68,652,163	(172,975,478)
Department of Housing	-	251,655,943	323,819,873	72,163,930	36,035,416	(215,620,527)
Department of Labor and Training	600,500,635	527,634,032	602,228,928	74,594,896	594,346,262	66,712,230
Department of Revenue	912,349,260	800,033,280	808,359,367	8,326,087	832,465,599	32,432,319
General Assembly	46,814,638	53,088,776	59,877,264	6,788,488	55,789,931	2,701,155
Office of Lieutenant Governor	1,316,262	1,411,331	1,414,391	3,060	1,447,015	35,684
Secretary of State	13,025,380	14,424,078	13,312,726	(1,111,352)	18,280,239	3,856,161
Office of the General Treasurer	18,061,525	24,035,465	23,536,040	(499,425)	22,886,874	(1,148,591)
Board of Elections	5,855,518	3,981,728	4,679,018	697,290	5,156,957	1,175,229
Rhode Island Ethics Commission	1,923,525	2,137,059	2,162,654	25,595	2,299,337	162,278
Office of the Governor	7,468,837	8,406,547	8,287,243	(119,304)	8,471,265	64,718
Rhode Island Commission for Human Rights	2,022,429	2,368,347	2,489,651	121,304	2,505,726	137,379
Public Utilities Commission	11,326,770	14,261,300	13,986,745	(274,555)	14,451,272	189,972
Total	\$2,668,109,598	\$2,705,155,113	\$2,877,589,448	\$172,434,335	\$2,221,830,896	(\$483,324,217)
Health and Human Services						
Executive Office of Health and Human Services	\$3,341,502,445	\$3,815,013,758	\$3,708,275,182	(\$106,738,576)	\$3,968,779,983	\$153,766,225
Department of Children, Youth, and Families	286,366,727	366,362,408	361,082,767	(5,279,641)	361,735,263	(4,627,145)
Department of Health	290,189,886	327,596,035	385,527,690	57,931,655	342,181,505	14,585,470
Department of Human Services	875,662,802	833,996,366	839,044,153	5,047,787	797,155,718	(36,840,648)
Behavioral Healthcare, Developmental Disabilities and Hospitals	560,343,740	672,848,681	714,082,157	41,233,476	706,308,616	33,459,935
Governor's Commission on Disabilities	1,514,289	1,983,720	2,571,463	587,743	1,680,507	(303,213)
Commission on the Deaf & Hard of Hearing	874,945	868,675	893,222	24,547	914,184	45,509
Office of the Child Advocate	1,271,511	1,649,914	1,637,931	(11,983)	1,641,426	(8,488)
Office of the Mental Health Advocate	832,177	976,078	921,117	(54,961)	981,608	5,530
Total	\$5,358,558,522	\$6,021,295,635	\$6,014,035,682	(\$7,259,953)	\$6,181,378,810	\$160,083,175
Education						
Elementary and Secondary Education	\$1,939,587,231	\$2,022,346,822	\$2,129,667,286	\$107,320,464	\$1,961,849,047	(\$60,497,775)
Public Higher Education	1,307,830,918	1,449,655,656	1,428,136,509	(21,519,147)	1,471,790,624	22,134,968
Rhode Island Council on the Arts	3,399,617	3,869,758	3,877,350	7,592	3,976,337	106,579
Rhode Island Atomic Energy Commission	1,557,761	1,578,744	1,586,827	8,083	1,593,911	15,167
Historical Preservation and Heritage Commission	1,782,252	3,581,831	3,525,379	(56,452)	3,727,660	145,829
Total	\$3,254,157,779	\$3,481,032,811	\$3,566,793,351	\$85,760,540	\$3,442,937,579	(\$38,095,232)
Public Safety						
Office of Attorney General	\$37,013,004	\$43,227,795	\$46,620,396	\$3,392,601	\$45,456,627	\$2,228,832
Department of Corrections	291,492,944	288,763,824	316,615,485	27,851,661	328,179,090	39,415,266
Judiciary	134,705,397	146,897,430	148,207,008	1,309,578	147,898,237	1,000,807
Military Staff	27,150,550	75,907,305	53,735,730	(22,171,575)	101,453,180	25,545,875
Rhode Island Emergency Management Agency	76,790,808	50,260,712	43,511,993	(6,748,719)	36,678,483	(13,582,229)
Department of Public Safety	137,639,328	189,704,336	201,514,401	11,810,065	185,051,911	(4,652,425)
Office of Public Defender	13,773,984	15,794,785	15,345,229	(449,556)	15,920,594	125,809
Total	\$718,566,015	\$810,556,187	\$825,550,242	\$14,994,055	\$860,638,122	\$50,081,935
Natural Resources						
Department of Environmental Management	\$133,547,249	\$127,810,075	\$137,014,680	\$9,204,605	\$146,372,168	\$18,562,093
Coastal Resources Management Council	6,651,150	5,910,769	6,967,108	1,056,339	6,176,963	266,194
Total	\$140,198,399	\$133,720,844	\$143,981,788	\$10,260,944	\$152,549,131	\$18,828,287
Transportation						
Department of Transportation	\$760,356,965	\$859,089,110	\$981,137,637	\$122,048,527	\$816,719,830	(\$42,369,280)
Grand Total	\$12,899,947,278	\$14,010,849,700	\$14,409,088,148	\$398,238,448	\$13,676,054,368	(\$334,795,332)

GENERAL REVENUE EXPENDITURES

	FY2023 Final	FY2024 Enacted	FY2024 Governor	Change from Enacted	FY2025 Governor	Change from Enacted
General Government						
Department of Administration	\$489,769,559	\$293,843,692	\$292,357,861	(\$1,485,831)	\$227,870,824	(\$65,972,868)
Department of Business Regulation	23,204,713	24,371,468	24,436,087	64,619	24,517,764	146,296
Executive Office of Commerce	57,085,655	66,421,142	66,319,788	(101,354)	38,255,983	(28,165,159)
Department of Housing	-	32,997,895	31,494,506	(1,503,389)	9,840,596	(23,157,299)
Department of Labor and Training	18,204,543	17,697,227	22,190,882	4,493,655	17,990,653	293,426
Department of Revenue	363,463,749	397,716,359	374,366,590	(23,349,769)	399,021,730	1,305,371
General Assembly	45,119,046	50,998,683	57,472,017	6,473,334	53,358,280	2,359,597
Office of Lieutenant Governor	1,316,886	1,411,331	1,414,391	3,060	1,447,015	35,684
Secretary of State	11,966,380	11,839,843	10,902,244	(937,599)	12,112,241	272,398
Office of the General Treasurer	3,624,716	3,995,808	3,980,018	(15,790)	3,915,333	(80,475)
Board of Elections	5,861,157	3,981,728	4,679,018	697,290	5,156,957	1,175,229
Rhode Island Ethics Commission	1,923,525	2,137,059	2,162,654	25,595	2,299,337	162,278
Office of the Governor	7,426,985	8,406,547	8,287,243	(119,304)	8,471,265	64,718
Rhode Island Commission for Human Rights	1,758,445	2,009,246	2,071,702	62,456	2,055,616	46,370
Public Utilities Commission	-	-	-	-	-	-
Total	\$1,030,725,359	\$917,828,028	\$902,135,001	(\$15,693,027)	\$806,313,594	(\$111,514,434)
Health and Human Services						
Executive Office of Health and Human Services	\$1,076,415,185	\$1,314,146,804	\$1,280,599,214	(\$33,547,590)	\$1,408,896,492	\$94,749,688
Department of Children, Youth, and Families	192,600,450	217,262,746	209,135,694	(8,127,052)	235,873,200	18,610,454
Department of Health	33,548,885	35,655,172	34,558,400	(1,096,772)	37,353,947	1,698,775
Department of Human Services	122,222,190	155,552,694	152,106,751	(3,445,943)	142,005,719	(13,546,975)
Behavioral Healthcare, Developmental Disabilities and Hospitals	261,580,697	310,886,337	322,704,470	11,818,133	321,342,155	10,455,818
Governor's Commission on Disabilities	1,153,698	1,542,951	2,148,870	605,919	1,528,968	(13,983)
Commission on the Deaf & Hard of Hearing	738,909	764,208	766,497	2,289	782,651	18,443
Office of the Child Advocate	1,259,569	1,649,914	1,625,931	(23,983)	1,641,426	(8,488)
Office of the Mental Health Advocate	832,177	976,078	921,117	(54,961)	981,608	5,530
Total	\$1,690,351,760	\$2,038,436,904	\$2,004,566,944	(\$33,869,960)	\$2,150,406,166	\$111,969,262
Education						
Elementary and Secondary Education	\$1,436,665,796	\$1,496,382,952	\$1,496,737,695	\$354,743	\$1,563,472,718	\$67,089,766
Public Higher Education	264,356,298	304,808,336	311,116,918	6,308,582	311,989,386	7,181,050
Rhode Island Council on the Arts	2,129,664	2,292,758	2,303,238	10,480	2,395,211	102,453
Rhode Island Atomic Energy Commission	1,035,831	1,158,737	1,173,765	15,028	1,180,419	21,682
Historical Preservation and Heritage Commission	1,040,745	1,905,557	2,303,238	397,681	1,898,100	(7,457)
Total	\$1,705,228,334	\$1,806,548,340	\$1,813,634,854	\$7,086,514	\$1,880,935,834	\$74,387,494
Public Safety						
Office of Attorney General	\$32,228,836	\$34,862,891	\$35,381,472	\$518,581	\$35,103,418	\$240,527
Department of Corrections	284,260,556	281,010,856	277,361,279	(3,649,577)	293,746,087	12,735,231
Judiciary	113,993,550	121,387,370	122,770,901	1,383,531	124,266,261	2,878,891
Military Staff	2,913,982	3,650,802	3,574,619	(76,183)	3,106,655	(544,147)
Rhode Island Emergency Management Agency	5,615,000	6,632,962	6,838,583	205,621	7,165,529	532,567
Department of Public Safety	111,485,599	137,013,201	136,595,944	(417,257)	122,424,040	(14,589,161)
Office of Public Defender	13,750,531	15,694,120	15,240,194	(453,926)	15,835,559	141,439
Total	\$564,248,054	\$600,252,202	\$597,762,992	(\$2,489,210)	\$601,647,549	\$1,395,347
Natural Resources						
Department of Environmental Management	\$81,631,427	\$58,678,560	\$57,925,657	(\$752,903)	\$57,178,456	(\$1,500,104)
Coastal Resources Management Council	2,744,411	3,396,395	3,483,722	87,327	3,607,384	210,989
Total	\$84,375,838	\$62,074,955	\$61,409,379	(\$665,576)	\$60,785,840	(\$1,289,115)
Transportation						
	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total	\$5,074,929,345	\$5,425,140,429	\$5,379,509,170	(\$45,631,259)	\$5,500,088,983	\$74,948,554

PERSONNEL

	FY2023	FY2024	FY2024	Change from	FY2025	Change from
General Government	Actual	Enacted	Revised	Enacted	Governor	Enacted
Administration	662.7	674.7	674.6	(0.1)	683.6	8.9
Business Regulation	181.0	181.0	181.0	-	181.0	-
Executive Office of Commerce	20.0	5.0	5.0	-	5.0	-
Housing	-	38.0	38.0	-	38.0	-
Labor and Training	461.7	461.7	461.7	-	461.7	-
Revenue	575.5	575.5	587.5	12.0	599.5	24.0
Legislature	298.5	298.5	298.5	-	298.5	-
Lieutenant Governor	8.0	8.0	8.0	-	8.0	-
Secretary of State	59.0	61.0	61.0	-	61.0	-
General Treasurer	89.0	91.0	91.0	-	91.0	-
Board of Elections	13.0	13.0	13.0	-	13.0	-
Ethics Commission	12.0	12.0	12.0	-	12.0	-
Office of the Governor	45.0	45.0	45.0	-	45.0	-
Commission for Human Rights	15.0	15.0	15.0	-	15.0	-
Public Utilities Commission	54.0	54.0	54.0	-	56.0	2.0
Total	2,494.4	2,533.4	2,545.3	11.9	2,568.3	34.9
Human Services						
Office of Health and Human Services	204.0	218.0	218.0	-	233.0	15.0
Children, Youth, and Families	702.5	705.5	705.5	-	714.5	9.0
Health	543.4	574.4	575.6	1.2	572.6	(1.8)
Human Services	1,067.0	1,070.0	1,070.0	-	1,079.0	9.0
BHDDH	1,200.4	1,202.4	1,204.4	2.0	1,203.4	1.0
Office of the Child Advocate	10.0	10.0	10.0	-	10.0	-
Governor's Commission on the Deaf	4.0	4.0	4.0	-	4.0	-
Governor's Commission on Disabilities	5.0	5.0	5.0	-	5.0	-
Office of the Mental Health Advocate	6.0	6.0	6.0	-	6.0	-
Total	3,742.3	3,795.3	3,798.5	3.2	3,827.5	32.2
Education						
Elementary and Secondary Education	326.1	334.1	334.1	-	337.1	3.0
Public Higher Education	3,863.5	3,874.5	3,874.5	-	3,875.5	1.0
Council on the Arts	9.6	10.0	10.0	-	10.0	-
Atomic Energy Commission	8.6	8.6	8.6	-	8.6	-
Historical Preservation and Heritage Commission	15.6	15.6	15.6	-	15.6	-
Total	4,223.4	4,242.8	4,242.8	-	4,246.8	4.0

PERSONNEL CONT.

	FY2023	FY2024	FY2024	Change from	FY2025	Change from
	Actual	Enacted	Revised	Enacted	Governor	Enacted
Public Safety						
Attorney General	249.1	264.1	264.1	-	264.1	-
Corrections	1,427.0	1,460.0	1,461.0	1.0	1,461.0	1.0
Judiciary	739.3	743.3	743.3	-	745.3	2.0
Military Staff	93.0	93.0	93.0	-	93.0	-
Emergency Management	35.0	37.0	37.0	-	39.0	2.0
Public Safety	632.2	632.2	632.0	(0.2)	633.0	0.8
Public Defender	100.0	104.0	104.0	-	104.0	-
Total	3,275.6	3,333.6	3,334.4	0.8	3,339.4	5.8
Natural Resources						
Environmental Management	417.0	425.0	425.0	-	437.0	12.0
Coastal Resources Management Council	32.0	32.0	32.0	-	32.0	-
Total	449.0	457.0	457.0	-	469.0	12.0
Transportation						
Transportation	755.0	755.0	755.0	-	755.0	-
Higher Education Sponsored Research						
Office of Higher Education	1.0	1.0	1.0	-	1.0	-
CCRI	89.0	89.0	89.0	-	89.0	-
RIC	76.0	76.0	76.0	-	76.0	-
URI	357.8	353.8	353.8	-	353.8	-
Total	523.8	519.8	519.8	-	519.8	-

REVENUE

	FY 2024 Gov Revised	FY 2025 Gov Recommended
Personal Income Tax	\$1,853.9	\$1,918.5
General Business Taxes		
Business Corporations	310.9	313.6
Public Utilities Gross Earnings	67.8	104.4
Financial Institutions	26.9	26.4
Insurance Companies	163.3	167.9
Bank Deposits	4.6	4.6
Health Care Provider Assessment	39.6	42.5
Sales and Use Taxes		
Sales and Use	1,628.6	1,682.6
Cigarettes	125.6	122.8
Alcohol	22.5	23.0
Other Taxes		
Inheritance and Gift	42.4	48.8
Racing and Athletics	0.6	0.6
Realty Transfer	14.9	15.4
Total Taxes	4,301.6	4,471.1
Departmental Receipts	531.6	498.4
Taxes and Departmentals	4,833.1	4,969.5
Other Sources		
Other Miscellaneous	34.6	26.9
Lottery	436.8	458.8
Unclaimed Property	18.7	20.1
Other Sources	490.1	505.8
Total General Revenues	5,323.2	5,475.3
Personal Income Tax		
Estimated	231.8	239.2
Finals	510.8	532.3
Refunds	(459.2)	(477.3)
Withholding	1,574.6	1,633.0
Net Accrual	(4.1)	(8.7)
Total Personal Income Tax	1,853.9	1,918.5
Insurance Companies		
Personal and Casualty	95.0	96.7
Medical/HMO	68.3	71.2
Total Insurance Companies	163.3	167.9
Cigarettes		
Cigarettes	115.8	108.3
Smokeless	9.8	14.6
Total Cigarettes	125.6	122.8
Lottery		
All Games	75.0	75.7
VLT	321.0	319.4
Table Games	14.8	15.1
On-Site Sports Betting	6.4	7.1
Remote Sports Betting	14.7	16.4
iGaming	4.9	25.1
Total Lottery	436.8	458.8

\$ in millions

MUNICIPAL AID – DIRECT AID

FY2025 - Direct Municipal Aid to Cities and Towns

Municipality	FY2024 Enacted ⁴	Payment in Lieu of Taxes	Distressed		Tangible Property ⁴	Library Aid	Governor's FY2025	Change from FY2024 Enacted ⁵
			Communities Relief Fund	Motor Vehicle Excise Tax				
Barrington	\$6,292,775	\$18,976	-	\$5,894,822		\$362,172	\$6,275,970	(\$16,805)
Bristol	4,417,875	1,324,937	-	2,905,818		211,491	4,442,246	24,371
Burrillville	5,337,682	60,737	-	5,053,933		229,627	5,344,297	6,615
Central Falls	2,378,839	-	268,136	2,077,974		36,071	2,382,181	3,343
Charlestown	1,085,143	-	-	1,020,877		65,942	1,086,819	1,676
Coventry	6,123,945	-	-	5,872,396		260,779	6,133,174	9,229
Cranston	27,139,431	4,037,181	-	22,312,247		775,345	27,124,772	(14,659)
Cumberland	6,427,395	-	-	6,073,469		350,311	6,423,780	(3,615)
East Greenwich	3,371,602	819,440	-	2,417,332		148,306	3,385,078	13,476
East Providence	12,165,367	296,967	-	11,433,479		442,208	12,172,655	7,288
Exeter	2,298,163	-	-	2,241,381		63,102	2,304,483	6,320
Foster	1,694,087	-	-	1,652,251		41,577	1,693,828	(258)
Glocester	2,477,279	-	-	2,381,941		95,764	2,477,705	425
Hopkinton	1,673,559	-	-	1,629,259		42,845	1,672,104	(1,455)
Jamestown	743,574	-	-	622,793		117,542	740,335	(3,240)
Johnston	10,516,238	-	-	10,382,785		126,016	10,508,801	(7,437)
Lincoln	5,942,631	-	-	5,683,015		264,981	5,947,996	5,365
Little Compton	409,369	-	-	366,775		43,095	409,870	501
Middletown	2,157,351	-	-	1,976,448		174,961	2,151,409	(5,942)
Narragansett	2,041,527	-	-	1,831,251		238,073	2,069,324	27,797
Newport	4,449,731	1,773,418	-	2,223,671		483,931	4,481,020	31,289
New Shoreham	271,567	-	-	163,298		114,693	277,991	6,424
North Kingstown	5,732,666	50	-	5,378,818		314,881	5,693,748	(38,918)
North Providence	11,034,448	-	1,140,776	9,619,286		235,168	10,995,231	(39,217)
North Smithfield	4,493,856	-	-	4,398,531		95,061	4,493,592	(264)
Pawtucket	18,772,406	3,087	1,808,532	16,495,506		496,695	18,803,820	31,414
Portsmouth	2,549,083	-	-	2,414,242		134,682	2,548,924	(158)
Providence	80,267,055	37,273,505	7,107,546	34,131,596		1,478,071	79,990,718	(276,336)
Richmond	1,480,661	-	-	1,448,455		31,533	1,479,988	(673)
Scituate	2,110,934	-	-	1,977,127		133,165	2,110,292	(642)
Smithfield	8,632,660	1,217,452	-	7,098,694		363,357	8,679,502	46,842
South Kingstown	4,375,906	186,342	-	3,930,455		253,819	4,370,616	(5,289)
Tiverton	1,895,925	-	-	1,748,175		145,799	1,893,973	(1,951)
Warren	2,164,873	-	-	2,090,911		75,623	2,166,533	1,660
Warwick	27,603,470	1,691,043	-	25,246,254		895,063	27,832,361	228,891
Westerly	6,358,803	151,026	-	5,765,523		438,351	6,354,900	(3,904)
West Greenwich	1,393,393	-	-	1,331,725		69,063	1,400,788	7,395
West Warwick	7,043,212	-	1,157,378	5,673,744		203,898	7,035,020	(8,192)
Woonsocket	10,833,442	347,251	902,090	9,324,776		227,959	10,802,077	(31,365)
SRL ¹	1,123,123	-	-	-		1,123,123	1,123,123	-
ILG ²	71,172	-	-	-		71,172	71,172	-
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	\$13,708,134	\$338,006,310	\$114,265

Specific distribution amounts by municipalities to be determined August 2024

¹SRL: Statewide Reference Library Resources Grant²ILG: Grant-in-Aid to Institutional Libraries³LCA: Library Construction Aid⁴The Governor has budgeted an estimated \$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.

MUNICIPAL AID – DIRECT AID

FY2024 Governor - Direct Municipal Aid to Cities and Towns

Municipality	FY2024 Enacted	Payment in Lieu of Taxes	Distressed		Library Grant-in-Aid	FY2024 Governor	Change from FY2024 Enacted
			Communities Relief Fund	Motor Vehicle Excise Tax ³			
Barrington	\$6,240,700	\$18,606			\$379,347	\$6,292,775	\$52,075
Bristol	4,534,938	1,305,958			206,100	4,417,874	-
Burrillville	5,361,277	59,483			224,266	5,337,682	-
Central Falls	2,350,082		263,947		36,917	2,378,839	-
Charlestown	1,085,273				64,266	1,085,143	-
Coventry	6,096,797				251,550	6,123,945	27,148
Cranston	29,440,805	4,029,628			797,557	27,139,431	-
Cumberland	6,411,068				353,926	6,427,395	16,328
East Greenwich	3,326,928	804,431			149,839	3,371,602	-
East Providence	7,997,414	286,708			445,181	12,165,367	4,167,953
Exeter	2,298,694				56,782	2,298,163	(531)
Foster	1,691,712				41,835	1,694,087	2,375
Glocester	2,477,279				95,338	2,477,279	-
Hopkinton	1,671,398				44,300	1,673,559	2,161
Jamestown	751,594				120,781	743,574	(8,019)
Johnston	10,514,625				133,453	10,516,238	1,613
Lincoln	5,917,375				259,616	5,942,631	25,256
Little Compton	410,492				42,594	409,369	(1,123)
Middletown	2,144,665				180,903	2,157,351	12,686
Narragansett	1,807,362				210,276	2,041,527	234,165
Newport	4,398,912	1,739,666			486,394	4,449,731	-
New Shoreham	260,580				108,269	271,567	-
North Kingstown	5,725,344	50			353,799	5,732,666	-
North Providence	10,935,636		1,168,448		246,714	11,034,448	-
North Smithfield	4,493,854				95,325	4,493,856	2
Pawtucket	18,535,211	3,061	1,799,105		474,735	18,772,407	-
Portsmouth	2,546,430				134,841	2,549,083	2,652
Providence	77,591,924	37,514,510	7,069,428		1,551,521	80,267,055	-
Richmond	1,479,884				32,206	1,480,661	777
Scituate	2,107,036				133,807	2,110,934	3,898
Smithfield	8,373,559	1,170,041			363,925	8,632,660	-
South Kingstown	4,409,542	187,050			258,400	4,375,906	-
Tiverton	1,856,745				147,750	1,895,925	39,180
Warren	2,167,590				73,963	2,164,873	(2,717)
Warwick	27,559,761	1,578,435			778,781	27,603,470	-
Westerly	6,374,157	152,031			441,250	6,358,803	-
West Greenwich	1,388,010				61,668	1,393,393	-
West Warwick	6,940,792		1,167,490		201,979	7,043,212	-
Woonsocket	10,868,198	351,755	916,041		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 Grant

² ILG: Grant-in-Aid to Institutional Libraries. Includes \$1.9 million in Library Construction Aid

Total Library Construction Aid FY2024 is \$1.9 million

³ Combines MVET Phase-Out Reimbursement and Original Base Reimbursement

⁴ Up to \$500,000 in total to be provided as a supplemental payment per proposed R.I. Gen. Laws § 44-34.1-5 for municipalities and fire districts that would have had a motor vehicle levy above their FY 2018 Baseline in FY 23 and that also budgeted for this additional revenue, subject to review and certification by the Department of Revenue.

MUNICIPAL AID – INDIRECT 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 Enacted	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.

MUNICIPAL AID – INDIRECT AID**FY2024 Governor - Indirect Municipal Aid to Cities and Towns**

Municipality	FY2024 Enacted	Public Service Corp. Tax	Hotel Tax	Meals and Beverage Tax	Airport Impact Fees¹	FY2024 Governor	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

FY2025 Governor Recommended Education Aid - Change to FY2024 Budget as Enacted²

Districts	FY2024 Enacted (includes group home and categoricals)	FY2025 Formula Change	Enrollment Transition Fund	Poverty Loss Stabilization Fund	Transportation	High-cost Special Education (>\$69,076)	Group Home ¹	English Learners	Stabilization Funding	Total Change	FY2025 Education Aid
Barrington	\$11,101,246	\$768,774	\$108,844	\$0	(\$78,801)	(\$91,319)	\$0	\$21,684	\$0	\$729,182	\$11,830,428
Burrillville	14,124,620	86,823	(49,733)	(395,365)	10,831	(95,205)	0	8,311	-	(434,339)	13,690,281
Charlestown	1,372,841	125,905	10,384	-	-	-	-	-	-	136,289	1,509,130
Coventry	26,376,051	762,113	(92,033)	-	3,666	164,091	(2,617)	7,638	-	842,858	27,218,909
Cranston	74,422,252	2,046,442	415,409	-	154,123	59,442	-	691,712	-	3,367,128	77,789,379
Cumberland	24,359,167	1,450,991	-	-	(15,184)	(37,188)	-	118,847	-	1,517,466	25,876,633
East Greenwich	6,085,015	682,717	28,599	-	22,462	50,899	-	9,540	-	794,217	6,879,232
East Providence	39,186,557	1,131,554	-	(1,757,349)	(3,004)	(99,370)	(1,696)	121,473	-	(608,392)	38,578,165
Foster	1,222,365	17,806	(11,115)	22,333	13,442	2,830	-	2,394	-	47,690	1,270,055
Glocester	2,890,505	(58,590)	61,557	-	29,899	84,598	-	-	-	117,464	3,007,969
Hopkinton	6,340,957	325,112	(4,849)	-	-	-	-	-	-	320,263	6,661,220
Jamestown	794,918	(29,496)	(2,387)	16,322	-	(110,618)	-	(118)	-	(126,297)	668,621
Johnston	22,428,734	1,164,087	(49,361)	-	50,003	320,424	-	167,070	-	1,652,223	24,080,958
Lincoln	17,721,522	1,498,776	-	(710,359)	-	5,011	(4,339)	50,018	-	839,107	18,560,629
Little Compton	362,326	38,114	(10,328)	(55,312)	-	-	-	-	-	(27,526)	334,800
Middletown	7,897,254	(364,575)	(56,262)	(327,599)	-	120,221	-	9,487	-	(618,728)	7,278,526
Narragansett	2,256,135	(213,220)	(32,745)	85,357	-	96,665	-	281	-	(63,663)	2,192,473
Newport	15,212,110	(68,664)	(109,164)	-	-	(3,905)	(2,627)	215,336	-	30,977	15,243,086
New Shoreham	151,991	(22,381)	(583)	(39,836)	-	-	-	234	-	(62,566)	89,425
North Kingstown	11,921,360	1,763,091	(28,552)	(348,269)	-	(22,923)	-	29,092	-	1,392,441	13,313,800
North Providence	29,046,056	1,265,380	(14,088)	(507,184)	(25,847)	(92,913)	(7,279)	320,419	-	938,488	29,984,543
North Smithfield	7,606,634	437,198	(28,174)	-	17,007	(71,738)	-	7,661	-	361,954	7,968,588
Pawtucket	107,174,138	(818,996)	9,237	-	9,643	590,186	(34,653)	1,516,423	-	1,271,841	108,445,979
Portsmouth	3,593,688	164,510	(17,376)	(233,090)	-	(11,489)	(2,480)	3,445	-	(96,481)	3,497,207
Providence	282,866,332	(10,633,173)	3,284,184	-	97,932	(645,252)	(9,529)	7,606,918	-	(298,920)	282,567,412
Richmond	5,770,526	373,141	47,481	-	-	-	-	-	-	420,622	6,191,148
Scituate	3,717,597	(125,891)	(19,381)	109,096	(35,048)	(32,952)	-	514	-	(103,663)	3,613,934
Smithfield	8,926,874	817,816	74,677	-	(9,526)	43,259	(3,237)	12,034	-	935,023	9,861,897
South Kingstown	5,923,005	(200,024)	33,413	-	34,991	44,693	-	12,652	-	(74,276)	5,848,729
Tiverton	6,961,353	(227,186)	27,891	(681,548)	-	(379,238)	-	1,973	-	(1,258,107)	5,703,246
Warwick	45,898,470	546,743	(34,896)	-	13,901	(139,071)	4,506	90,002	-	481,185	46,379,655
Westerly	8,781,097	(174,200)	(51,930)	80,244	-	(101,057)	-	13,031	-	(233,912)	8,547,185
West Warwick	37,983,651	1,313,017	(178,919)	-	3,435	23,598	-	115,492	-	1,276,622	39,260,273
Woonsocket	82,872,750	(2,019,856)	796,332	-	(18,365)	229,616	-	1,062,075	-	49,802	82,922,553
Bristol-Warren	14,619,453	(737,378)	4,597	181,203	265,693	203,058	(3,186)	17,664	-	(68,350)	14,551,103
Exeter-West Greenwich	7,269,662	406,591	(34,097)	19,059	(113,318)	(29,473)	(7,621)	5,601	-	246,742	7,516,404
Charlho	3,184,800	-	-	-	180,779	73,377	-	5,430	-	259,586	3,444,386
Foster-Glocester	6,659,257	52,815	31,465	33,388	(25,127)	(133,276)	-	2,425	-	(38,310)	6,620,947
Central Falls	51,643,349	(2,070,524)	984,205	-	12,509	10,790	-	1,400,159	-	337,138	51,980,487
District Total	\$1,006,726,616	(\$524,639)	\$5,092,301	(\$4,508,910)	\$596,096	\$25,771	(\$74,758)	\$13,646,917	\$0	\$14,252,778	\$1,020,979,395
Charter School Total	156,608,570	17,328,745	-	-	-	(25,771)	-	2,758,624	-	20,061,598	176,670,169
Davies	15,663,857	279,352	-	-	-	-	-	48,660	1,562,208	1,813,669	17,554,078
Met School	10,682,968	93,195	-	-	-	-	-	106,610	36,910	236,715	10,919,683
Urban Collaborative	1,864,703	57,129	-	-	-	-	-	62,254	-	119,383	1,984,086
Youth Build Academy	1,892,543	425,399	-	-	-	-	-	26,321	-	451,720	2,344,263
Total	\$1,193,439,258	\$17,659,181	\$5,092,301	(\$4,508,910)	\$596,096	\$0	(\$74,758)	\$16,649,387	\$1,599,118	\$36,935,865	\$1,230,451,674

¹ Based on final 12/30/2023 final report from the Department of Children, Youth and Families. In the FY2024 Revised Budget, a total of 9 beds were added relative to the enacted level, including 1 in East Providence, 7 in Providence, and 1 in Warwick

² Based on October 2023 adjusted for 2024-25 PSOC.

Source: Rhode Island Department of Education

COMMUNITY SERVICE OBJECTIVE GRANTS (GENERAL REVENUE FUNDS)

Agency	Grant Recipient	FY2024 Enacted	FY2024 Governor	Change	FY2025 Governor	Change
Administration	City Year - Whole School Whole Child Program	\$130,000	\$130,000	-	Moves to Education	(\$130,000)
Executive Office of Commerce	STAC Research Alliance	900,000	900,000	-	900,000	-
	Polaris Manufacturing Technical Assistance Program	450,000	450,000	-	450,000	-
	East Providence Waterfront Commission	50,000	50,000	-	50,000	-
	Urban Ventures	140,000	140,000	-	140,000	-
	Chafee Center at Bryant	476,200	476,200	-	476,200	-
		\$2,016,200	\$2,016,200	\$0	\$2,016,200	\$0
Labor and Training	Year-Up	\$200,000	\$200,000	\$0	\$200,000	\$0
Secretary of State	Rhode Island Historical Society	125,000	125,000	-	125,000	-
	Newport Historical Society	18,000	18,000	-	18,000	-
	Ri Black Heritage Society	25,000	25,000	-	25,000	-
	Ri Council for the Humanities	100,000	100,000	-	100,000	-
	We the People Civics Challenge	50,000	50,000	-	50,000	-
		318,000	\$318,000	\$0	\$318,000	\$0
Human Services - Office of Health Aging	Diocese of Providence - Elder Services	325,000	325,000	-	325,000	-
	Alliance for Long Term Care Ombudsman Services	40,000	40,000	-	40,000	-
	Elderly Housing Security	85,000	85,000	-	85,000	-
	Elderly Nutrition	50,000	50,000	-	50,000	-
	Meals on Wheels	630,000	630,000	-	630,000	-
	Senior Center Support	1,200,000	1,200,000	-	1,400,000	200,000
		\$2,330,000	\$2,330,000	\$0	\$2,530,000	\$200,000
Human Services	Coalition Against Domestic Violence	400,000	400,000	-	400,000	-
	Project Reach - Boys and Girls Club	450,000	450,000	-	450,000	-
	Day One	267,000	267,000	-	267,000	-
	Ri Community Food Bank	550,000	550,000	-	550,000	-
	Crossroads Rhode Island	500,000	500,000	-	500,000	-
	Institute for the Study and Practice of Nonviolence	250,000	250,000	-	250,000	-
	Operation Stand Down	50,000	50,000	-	50,000	-
	Veterans' Organizations	200,000	200,000	-	200,000	-
	Veterans' of Foreign Wars VSO Program	100,000	100,000	-	100,000	-
	Community Action Fund	600,000	600,000	-	600,000	-
	Higher Ground International	75,000	75,000	-	75,000	-
	Center for Southeast Asians	25,000	25,000	-	25,000	-
	Refugee Dream Center	50,000	50,000	-	50,000	-
		\$3,517,000	\$3,517,000	\$0	\$3,517,000	\$0
Education	Hasbro Children's Hospital - Hospital School	90,000	90,000	-	90,000	-
	Child Opportunity Zones	395,000	395,000	-	395,000	-
	City Year - Whole School Whole Child Program	Moves from DOA			130,000	130,000
		485,000	\$485,000	\$0	\$615,000	\$130,000
Office of Postsecondary Commissioner	Rhode Island College Crusade	355,000	355,000	-	355,000	-
	Best Buddies Rhode Island	75,000	75,000	-	75,000	-
	Rhode Island School for Progressive Education	200,000	200,000	-	200,000	-
		\$630,000	\$630,000	\$0	\$630,000	\$0
University of Rhode Island	Small Business Development Center	700,000	700,000	-	700,000	-
	Institute for Labor Studies & Research	100,000	100,000	-	100,000	-
	Special Olympics Rhode Island	50,000	50,000	-	50,000	-
		\$850,000	\$850,000	\$0	\$850,000	\$0
Arts Council	WaterFire Providence	400,000	400,000	-	400,000	-
Historical Preservation	Fort Adam's Trust	30,000	30,000	-	30,000	-
	Rhode Island Slave History Medallions	25,000	25,000	-	25,000	-
		\$55,000	\$55,000	\$0	\$55,000	\$0
Corrections	Crossroads- Sex Offender Discharge Planning	1,050,000	1,050,000	-	1,050,000	-
Judicial	Rhode Island Coalition Against Domestic Violence	230,000	230,000	-	230,000	-
	Rhode Island Legal Services	90,000	90,000	-	90,000	-
		\$320,000	\$320,000	\$0	\$320,000	\$0
Environmental Management	Conservation Districts	100,000	100,000	-	100,000	-
	Wildlife Rehabilitators Association	100,000	100,000	-	100,000	-
	Marine Mammal Response Activities	150,000	150,000	-	150,000	-
		\$350,000	\$350,000	\$0	\$350,000	\$0
Grand Total		12,651,200	\$12,651,200	\$0	\$12,851,200	\$200,000

STATE FISCAL RECOVERY FUNDS

Project	Agency	FY2022 Actuals (C)	FY2023 Actual	FY2024 Governor (Revised)	FY2025 Governor	Total
Pandemic Recovery Office	Administration	\$6,093,604	\$3,807,280	\$4,132,051	\$1,345,998	\$15,378,934
Nonprofit Assistance	Administration	-	20,000,000	-	-	20,000,000
Electric Heat Pump Grant Program	Administration	-	-	25,000,000	-	25,000,000
Auto-Enrollment Program	Administration	-	337,478	1,276,590	-	1,614,068
Health Care Facilities	Administration	-	77,500,000	-	10,000,000	87,500,000
Ongoing COVID-19 Response	Administration	-	-	21,221,859	-	21,221,859
Municipal Public Safety Infrastructure	Administration	-	-	11,000,000	-	11,000,000
Aid to the Convention Center	Administration	-	10,000,000	-	-	10,000,000
Public Health Response Warehouse Support	Administration	-	380,993	3,019,007	778,347	4,178,347
Community Learning Center Program Support	Administration	-	-	-	2,000,000	2,000,000
9-8-8 Hotline	BHDDH	-	238,583	3,236,417	1,875,000	5,350,000
Crisis Intervention Trainings	BHDDH	-	-	2,200,000	-	2,200,000
South Quay Marine Terminal	Commerce	-	-	35,000,000	-	35,000,000
Bioscience Investments	Commerce	-	-	45,000,000	-	45,000,000
Statewide Broadband Planning and Mapping Assistance to Impacted Industries	Commerce	269,200	230,800	-	-	500,000
	Commerce	8,000,000	5,000,000	-	2,000,000	15,000,000
Destination Marketing	Commerce	-	899,632	2,100,368	-	3,000,000
Minority Business Accelerator	Commerce	-	1,000,060	4,999,940	-	6,000,000
Small Business Assistance	Commerce	18,613,432	10,798,715	587,852	-	29,999,999
Personnel and Operating Support	Corrections	-	-	20,000,000	-	20,000,000
Psychiatric Residential Treatment Facility	DCYF	-	2,425,447	9,574,553	-	12,000,000
Foster Home Lead Abatement & Fire Safety	DCYF	-	-	-	-	-
Provider Workforce Stabilization	DCYF	6,827,796	7,814,659	8,278,311	-	22,920,766
Butler Hospital Short Term Stay Unit	EOHHS	-	600,180	7,399,820	-	8,000,000
Certified Community Behavioral Health Clinics	EOHHS	-	4,904,595	25,095,405	-	30,000,000
Early Intervention Recovery	EOHHS	4,051,215	5,498,785	1,450,000	-	11,000,000
Pediatric Recovery	EOHHS	5,965,100	5,336,890	3,698,010	-	15,000,000
Public Health Clinics	Health	-	279,882	3,720,118	-	4,000,000
COVID-19 Operational Support	Health	-	-	32,197,083	-	32,197,083
Affordable Housing Predevelopment Program	Housing	-	2,500,000	7,500,000	-	10,000,000
Development of Affordable Housing	Housing	14,740,825	-	85,259,175	-	100,000,000
Down Payment Assistance	Housing	-	10,000,000	20,000,000	-	30,000,000
Home Repair and Community Revitalization	Housing	-	-	24,500,000	-	24,500,000
Homelessness Assistance Program	Housing	-	5,557,603	15,942,397	-	21,500,000
Homelessness Infrastructure	Housing	-	3,714,912	41,285,088	-	45,000,000
Housing Related Infrastructure	Housing	-	-	4,300,000	-	4,300,000
Municipal Homeless Support	Housing	-	-	2,500,000	-	2,500,000
Municipal Planning	Housing	-	-	2,300,000	-	2,300,000
Predevelopment and Capacity Building	Housing	78,609	531,660	889,731	-	1,500,000
Preservation of Affordable Housing Units	Housing	-	-	500,000	-	500,000
Proactive Housing Development	Housing	-	-	1,400,000	-	1,400,000
Site Acquisition	Housing	6,000,000	9,000,000	10,000,000	-	25,000,000
Statewide Housing Plan	Housing	-	-	2,000,000	-	2,000,000
Targeted Housing Development	Housing	-	-	31,000,000	-	31,000,000
Workforce Housing	Housing	-	-	20,000,000	-	20,000,000
Child Care Support	Human Services	12,624,421	9,849,160	19,526,420	-	42,000,000
RI Community Food Bank	Human Services	-	-	3,000,000	-	3,000,000
Enhanced Real Jobs	Labor and Training	-	9,605,558	20,394,442	-	30,000,000
Unemployment Insurance Trust Fund Contribution	Labor and Training	-	100,000,000	-	-	100,000,000
RI Reconnects	OPC	-	-	8,000,000	-	8,000,000
OPC - RIC Cyber Center	OPC- RIC	-	-	2,000,000	-	2,000,000
OPC- CCRI Fresh Start	OPC-CCRI	-	-	5,000,000	-	5,000,000
Support for Survivors of Domestic Violence	Public Safety	-	-	10,500,000	-	10,500,000
Port of Davisville	QDC	-	6,000,000	59,000,000	-	65,000,000
Adult Education Providers	RIDE	-	-	4,872,178	127,822	5,000,000
Out-of-School Time Learning Grants	RIDE	-	-	4,000,000	-	4,000,000
Turnpike and Bridge Authority – Safety Barriers Study	Transportation	-	134,808	1,615,192	-	1,750,000
RIPTA R-Line Free Service Pilot	Transportation	-	2,500,000	750,000	-	3,250,000
RIPTA Operating Study	Transportation	-	-	-	10,000,000	10,000,000
Municipal Roads Grant Program	Transportation	-	-	20,000,000	5,000,000	25,000,000
URI- PFAS	URI	-	-	-	-	-
*New Projects						
Totals		\$83,264,203	\$316,447,680	\$698,222,007	\$33,127,167	\$1,131,061,056

Senate Fiscal Office

Stephen H. Whitney
Senate Fiscal Advisor

Emmery Brakke-Lautman
Legislative Fiscal Analyst I

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

Robert C. Bromley
Senior Legislative Fiscal Analyst

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

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

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

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

David Tremblay
Deputy Senate Fiscal Advisor

Executive Office of Commerce
Legislature
Revenue
RI Commerce Corporation

