



OFFICE OF MANAGEMENT & BUDGET

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MEMORANDUM


To: The Honorable Marvin L. Abney
Chairman, House Finance Committee

The Honorable Ryan W. Pearson
Chairman, Senate Finance Committee

From: Jonathan Womer
Director, Office of Management & Budget

Date: June 6, 2021

Subject: **Amendments to FY 2022 Appropriations Act (21-H-6122)**



The Governor requests that several amendments be made to the FY 2022 Appropriations Act. The amendments include changes to the appropriation amounts in Article 1, Relating to Making Appropriations in Support of FY 2022, as well as changes to various other sections of Article 1. A description of the amendments requested is provided below.

This amendment includes the FY 2022 impact of updated assumptions at the Department of Behavioral Healthcare, Hospitals, Developmental Disabilities and Hospitals related to federal funds participation at Eleanor Slater Hospital included in the prior Governor's Budget Amendment (GBA 13) as well miscellaneous changes, updates, and corrections impacting various agencies.

If you have any questions regarding these amendments, please feel free to call me or my staff at 574-8430.

JW:21-Amend-14

Attachments

cc: Sharon Reynolds Ferland, House Fiscal Advisor
James E. Thorsen, Director of Administration

Stephen Whitney, Senate Fiscal Advisor
Joseph Codega Jr., Deputy Budget Officer

ARTICLE 1, RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY 2022
SECTION 1, APPROPRIATIONS IN SUPPORT OF FY 2022

Department of Administration

Decrease General Revenues in the Statewide program, Page 5, Line 32 by \$3,752,493 from \$4,297,916 to \$545,423. This amendment reflects an estimate of the state's obligation to finance previously unbudgeted compensation to LIUNA members for FY 2022, pursuant to a pending settlement agreement between union membership and the Department of Administration anticipated in June 2021. The Governor's FY 2022 Budget included \$4.3 million for retroactive liabilities under this agreement; this amendment represents the removal of the noncurrent component of this settlement from FY 2022 and shifts this funding to FY 2021 (in accordance with accrual accounting expense recognition procedures), with the remaining \$545,423 available to finance the state's estimated exposure in FY 2022 (22-DOA1).

Executive Office of Health and Human Services

Retract component of the previous amendment (previously labeled 22-EOHHS2 in GBA 3) requesting an increase of \$1,713,053 to General Revenues in the Nursing Facilities program, Page 12, Line 28.

Retract component of the previous amendment (previously labeled 22-EOHHS2 in GBA 3) requesting an increase of \$38,423 to General Revenues in the Home and Community Based Services program, Page 12, Line 29.

Retract component of the previous amendment (previously labeled 22-EOHHS2 in GBA 3) requesting an increase of \$592,100 to General Revenues in the Other Services program, Page 12, Line 30.

Retract component of the previous amendment (previously labeled 22-EOHHS2 in GBA 3) requesting an increase of \$583,184 to General Revenues in the Rhody Health program, Page 12, Line 32.

Retract component of the previous amendment (previously labeled 22-EOHHS2 in GBA 3) requesting an increase of \$2,344,391 to Federal Funds in the Nursing Facilities program, Page 13, Line 2.

Retract component of the previous amendment (previously labeled 22-EOHHS2 in GBA 3) requesting an increase of \$52,584 to Federal Funds in the Home and Community Based Services program, Page 13, Line 3.

Retract component of the previous amendment (previously labeled 22-EOHHS2 in GBA 3) requesting an increase of \$810,316 to Federal Funds in the Other Services program, Page 13, Line 4.

Retract component of the previous amendment (previously labeled 22-EOHHS2 in GBA 3) requesting an increase of \$798,113 to Federal Funds in the Rhody Health program, Page 13, Line 6.

On April 12, 2021, the Governor requested a budget amendment to capture the costs associated with caring for patients discharged from the Eleanor Slater Hospital (ESH) and into appropriate community settings based upon patient need thereby resulting in an increase to the Medicaid Assistance Program of the Executive Office of Health and Human Services (EOHHS). The amendment included the full estimated cost of the patient in the community based upon current Medicaid rates as well as enhanced rates for certain patients requiring additional supports in nursing home and mental health psychiatric rehabilitative residential (MHPRR) settings. The provision included with GBA 3 is now being retracted due to updated assumptions that savings will not be achieved. The Governor retains the EOHHS request for enhanced rates within Article 12 - Relating to Medical Assistance and pursuant to the Rhode Island Medicaid Reform Act of 2008 to allow for an improved continuum of care in Rhode Island. The initiative seeks to revise the fee-for-service Medicaid payment rate for nursing facility residents by increasing weights related to behavioral healthcare and ventilators, implementing a behavioral health per-diem add-on for particularly complex patients who have been hospitalized for six months or more, as well as the establishment of an enhanced rate for MHPRR services to provide discharge planning, medical and/or psychiatric treatment, and identification and amelioration of barriers to transition to less restrictive settings (22-EOHHS1).

Department of Children, Youth, and Families

Zero-sum Federal Funds adjustment in the Child Welfare program, Page 13, Line 29. The Governor's Recommendation included an additional \$2,031,868 in Temporary Assistance for Needy Families (TANF) block grant funds for the childcare program. To comply with federal eligibility rules, this amendment shifts the childcare expenses (\$2,305,828) off the TANF block grant and on to the Social Services Block Grant (\$2,125,547) and Social Services Block Grant (SSBG) transferred from TANF (\$180,281). This amendment fully corrects the TANF eligibility issue, and only leaves \$1.1 million of TANF in the childcare program, which complies with the federal guidelines around kinship and reunification (22-DCYF1).

Increase Federal Funds in the Child Welfare program, Page 13, Line 29 by \$306,571 from \$68,770,417 to \$69,076,988. The Governor recommended a Child Care Assistance Program rate increase as part of the FY 2022 Appropriations Act. This amendment reflects the impact of the increased rates on the childcare population paid for by the Department of Children, Youth, and Families, updated for the adopted assumptions from the May 2021 Caseload Estimating Conference. The increase will be covered by the SSBG funds transferred from TANF. This amendment supersedes 22-DCYF2 from GBA 5 (22-DCYF2).

Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals

Increase General Revenue in the Hospital and Community Rehabilitative Services program, Page 19, Line 4 by \$42,402,755 from \$77,704,398 to \$120,107,153. The Governor requests a budget amendment to restore \$38,732,858 in savings from a redesign of the Eleanor Slater Hospital (22-BHDDH1). Correspondingly, the Governor recommends a retraction of an amendment included in GBA 3 worth \$681,180 recognizing the additional costs to the BHDDH budget from discharging patients into alternative settings (22-BHDDH3). Lastly, while the Budget Office is not aware of any official determination by the Executive Office of Health and Human Services, the state Medicaid authority, due to recent discussions surrounding a potential designation of Eleanor Slater Hospital as an Institute for Mental Disease (IMD) and accompanying federal Medicaid

reimbursement eligibility status changes, this amendment requests a net increase of \$3,669,897 in general revenues which is comprised of the elimination of the original estimated Medicaid reimbursement of \$5,673,418 offset by the ability to bill a conservative estimated amount of \$2,003,522 for patients at ESH who are between the ages of 22 and 64 and therefore not included in the IMD exclusion provided that the appropriate discharge processes, procedures and efforts established by ESH are met. The Medicaid Institutions for Mental Disease (IMD) exclusion prohibits the use of federal Medicaid financing for care provided to patients in mental health and substance use disorder residential treatment facilities larger than 16 beds for patients between the ages of 22 and 64 (22-BHDDH2).

Retract component of the previous amendment (previously labeled 22-BHDDH2 in GBA 3) requesting an increase of \$6,340,274 to Federal Funds in the Hospital and Community Rehabilitative Services program, Page 19, by Inserting new Line and replace with an increase in Federal Funds in the Hospital and Community Rehabilitative Services program, Page 19, Line 4 by \$2,003,522 from \$0 to \$2,003,522. As part of GBA 3, the Governor requested a budget amendment to recognize potential federal Medicaid reimbursement in FY 2022 estimated at \$5,673,418 which is now being retracted due to potential that expenses at ESH may be deemed ineligible for Medicaid reimbursement (22-BHDDH2). This amendment requests a net increase of \$3,669,897 in general revenues which is comprised of the elimination of the original estimated Medicaid reimbursement of \$5,673,418 offset by the ability to bill a conservative estimated amount of \$2,003,522 for patients at ESH who are between the ages of 22 and 64 and therefore not included in the IMD exclusion provided that the appropriate discharge processes, procedures and efforts established by ESH are met. Another provision submitted in GBA 3 which is being retracted due to unachievable savings in the ESH redesign was an increase of \$666,856 in federal funds associated with the discharging of patients from ESH into other settings which would involve costs to other programs within BHDDH (22-BHDDH2).

Office of the Attorney General

Increase General Revenues in the Criminal Program, Page 25, Line 12 by \$241,850 from \$17,785,954 to \$18,027,804; Decrease General Revenue in the Civil Program, Page 25, Line 17 by \$203,163 from \$6,100,480 to \$5,897,317; and Increase Restricted Receipts in the Civil Program, Page 25, Line 18 by \$406,326, from \$766,603 to \$1,172,929. The Governor recommended an increase of 4.0 FTE positions for the Office of the Attorney General in FY 2022, including 2.0 attorneys and 2.0 paralegals at both the Civil and Criminal divisions. This recommendation represented 4.0 FTEs fewer than the agency's budget request. Based on additional information about the agency's compelling need for the full complement of personnel requested in their budget submission provided after submission of the Governor's budget, this amendment adds funding for the additional 4.0 FTE positions requested and dedicates multistate affirmative litigation revenues for these resources. The amendment incorporates shifts among funding sources as needed to accommodate for the additional FTE positions. The amendment recommends adding general revenue funding for the 2.0 new Criminal Division FTEs (both of which will be attorneys), shifting funding for the 2.0 currently-recommended Civil Division FTE positions from general revenue to a new restricted receipt account comprised of multistate affirmative litigation revenues, and adding restricted receipt funding within the new account for 2.0 additional Civil Division FTE positions. The total net general revenue increase driven by this amendment will be \$38,687 (22-AG1).

Department of Environmental Management

Increase General Revenues in the Natural Resources Program, Page 30, Line 14 by \$44,430 from \$25,656,995 to \$25,701,425. The minimum wage in Rhode Island will increase from \$11.50 per hour to \$12.25 on January 1, 2022, as a result of 2021-H5130A and 2021-S0001aa, which were enacted on May 20, 2021. The Department of Environmental Management anticipates the need to raise the hourly wage of those seasonal Parks and Recreation staff paid less than minimum wage and also intends to increase wages for all seasonal Parks and Recreation staff proportionately to maintain the proper spread of salaries to reflect different job duties and responsibilities. The FY 2022 fiscal impact is lower than it would be for a full year because only about 40 percent of seasonal expenses occur between January and the end of June of each fiscal year (22-DEM1).

Department of Transportation

Increase Federal Funds in the Infrastructure - Engineering program, Page 31, Line 23, by \$1,500,000 from \$417,135,144 to \$418,635,144. This amendment is comprised of the addition of the Consolidated Rail Infrastructure and Safety Improvements (CRISI) grant awarded by the U. S. Department of Transportation to the Rhode Island Department of Transportation with expenditures beginning in FY 2022 (22-DOT1).

Military Staff

Increase General Revenues, Page 28, Line 23 by \$121,293 from \$2,608,853 to \$2,730,146. This amendment adjusts the base budget for the Injured-on-Duty expenses of the agency. The Department's submission had not accounted for an FTE financed through this appropriation (22MS-1).

SECTION 11, FY 2022 FULL-TIME EQUIVALENT (FTE) POSITION AUTHORIZATION

Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals

Increase Full-Time Equivalent Positions for the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals, Page 35, Line 30, by 100.0 FTE, from 1,042.4 FTE positions to 1,142.4 FTE positions. This increase restores 100.0 FTE positions to the BHDDH budget to recognize the hold placed on the ESH redesign.

Attorney General

Increase Full-Time Equivalent Positions for the Office of the Attorney General, Page 36, Line 21, by 4.0 FTE, from 243.1 FTE positions to 247.1 FTE positions. This amendment increases the FTE authorization for the Office of the Attorney General for a new initiative related to greater participation in multi-state litigation, which will bring about increased future revenues to the State.

Summary of Governor's Article 1 Amendments to FY 2022 Appropriations Act (21-H-6122)

	General Revenue	Federal Funds	Restricted Receipts	Other Funds	Total	Amendment Code (22-AGENCY#)
FY 2022 Expenditures (Original Governor's Recommend)	4,371,272,821	4,129,495,745	341,871,722	2,327,828,073	11,170,468,361	
April 12 Amendments	1,099,774	14,350,980	25,000	-	15,475,754	
April 19 Amendments	551,320	(284,694)	939,736	2,900,000	4,106,362	
May 21 Amendments	11,658,520	50,672,660	5,741,759	-	68,072,939	
June RICAP Amendment	-	-	-	350,000	350,000	
June 6 Amendments						
Department of Administration						
<i>LIUNA Settlement- Relocate to FY 2021 & FY 2022 Estimated Cost</i>	(3,752,493)				(3,752,493)	22-DOA1
Executive Office of Health and Human Services						
<i>Retract April 12th GBA (22-EOHHS2) for ESH Discharges</i>	(2,926,760)	(4,005,405)			(6,932,165)	22-EOHHS1
Department of Children, Youth, and Families						
<i>TANF - SSBG</i>		[\$2,305,828]			-	22-DCYF1
<i>Childcare Rate Increase Fix</i>		306,571			306,571	22-DCYF2
Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals						
<i>Restore savings related to Eleanor Slater Hospital (ESH) Transformation</i>	38,732,858				38,732,858	22-BHDDH1
<i>Retract April 12th GBA (22-BHDDH2) for ESH FY 22 Federal Reimbursement</i>	5,673,418	(5,673,418)			-	22-BHDDH2
<i>Add Medicaid Reimbursement for Over 65</i>	(2,003,522)	2,003,522			-	22-BHDDH2
<i>Retract April 12th GBA (22-BHDDH3) for ESH Discharges</i>	(681,180)	(666,856)			(1,348,036)	22-BHDDH3
Office of the Attorney General						
<i>Civil Division FTEs - Multistate Litigation Revenue Support</i>	38,687		406,326		445,013	22-AG1
Military Staff						
<i>IOD Budget Correction</i>	121,293				121,293	22-MS1
Department of Environmental Management						
<i>Parks and Recreation Seasonal Staff Minimum Wage Increase</i>	44,430				44,430	22-DEM1
Department of Transportation						
<i>Consolidated Rail Infrastructure and Safety Improvements (CRISI) Grant</i>		1,500,000			1,500,000	22-DOT1
Total	35,246,731	(6,535,586)	406,326	-	29,117,471	
Grand Total	4,419,829,166	4,187,699,105	348,984,543	2,331,078,073	11,287,590,887	