



STATE OF RHODE ISLAND  
**OFFICE OF GOVERNOR DANIEL J. MCKEE**

October 7, 2021

The Honorable K. Joseph Shekarchi  
Speaker of the House  
Rhode Island State House  
Providence, RI 02903

The Honorable Dominick Ruggiero  
Senate President  
Rhode Island Senate  
Providence, RI 02903

Dear Speaker Shekarchi and Senate President Ruggiero:

As Rhode Island recovers from a once-in-a-century public health crisis and embarks on an effort to rebuild our economy, we have a once-in-a-generation opportunity to strategically invest \$1.1 billion in American Rescue Plan Act (ARPA) State Fiscal Recovery Funds to create a more resilient, equitable and prosperous state for all.

With one of the highest vaccination rates in the nation, Rhode Island is already emerging from the global pandemic with strength. Rhode Island has consistently ranked among the top 10 states nationally and led the Northeast in Moody's Back-to-Normal economic recovery index for the last several months. Rhode Island currently ranks 4<sup>th</sup> in the nation and 1<sup>st</sup> in the region.

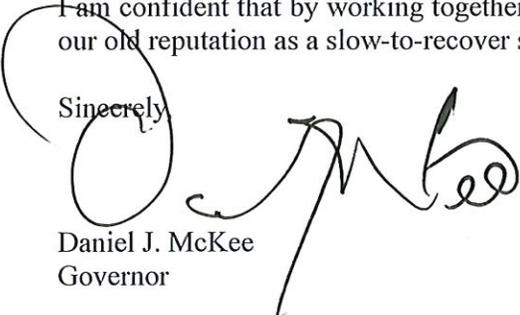
To ensure Rhode Island maintains its strong economic momentum, we must put some of our ARPA State Fiscal Recovery Funds to work now. With this letter, I am sharing a budget amendment which formally outlines my Administration's plan to use at least 10 percent of these federal funds to make a down payment on Rhode Island's economic comeback by investing in small businesses, child care and housing.

I thank you both for meeting with me regularly over the past six months to discuss, among other things, my Administration's plans for both short- and long-term investment strategies for Rhode Island's ARPA State Fiscal Recovery Funds. As you'll see, the budget amendment includes many of the priorities that we mutually agreed were important. Our team greatly appreciates the feedback and insight that you have provided throughout the process of finalizing our down payment proposal.

In addition to developing this much-needed short-term investment proposal, my Administration has also been holding a series of community conversations in which Rhode Island community leaders, stakeholders, legislators, and advocates have laid out what they think we should do to ensure long-term growth. In addition to housing, small business and child care, we've discussed the need to invest federal funds to address infrastructure, climate change, equity, public health, education and more. We look forward to submitting an allocation plan for the remaining ARPA State Fiscal Recovery Funds in our FY 2023 budget in January.

I am confident that by working together to invest the funds in both the near- and long-term, Rhode Island will shed our old reputation as a slow-to-recover state and will emerge from this pandemic stronger than we went in.

Sincerely,

  
Daniel J. McKee  
Governor



# OFFICE OF MANAGEMENT & BUDGET

## STATE BUDGET OFFICE

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### MEMORANDUM

**To:** Honorable Marvin L. Abney  
Chairman, House Finance Committee  
The Honorable Ryan W. Pearson  
Chairman, Senate Finance Committee

**From:** Joseph Codega Jr.  
Budget Officer, Office of Management and Budget

**Date:** October 7, 2021

**Subject:** Supplemental Request to Amend FY 2022 Appropriations Act (21-H-6122Aaa)

A handwritten signature in cursive script, appearing to read "J Codega Jr.", positioned to the right of the "From:" field.

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The Governor requests consideration of a supplemental budget request in the form of an amendment to Section 16 of Article 1 of the FY 2022 Appropriations Act (2021-H-6122 Substitute A as Amended). Please see attached for the legislative text which formally comprises this request.

The purpose of this extraordinary request is to seek immediate appropriations authority for \$113 million in federal funds awarded to Rhode Island as part of the State Fiscal Recovery Fund (SFRF) by the American Rescue Plan Act (ARPA). This amount represents approximately ten percent of the state's total \$1.13 billion SFRF allocation.

The requested legislation outlines appropriations by agency and by project, with some additional description contained proviso language accompanying each line item. These projects represent the Governor's most immediate policy priorities to sustain the operations of essential industries, assist vulnerable families in maintaining housing stability, provide timely supports to small businesses and impacted industries, and satisfy other urgent unmet needs.

The Governor's Office and Budget Office look forward to further discussion, deliberation, and legislative action in response to this request. Members of the House and Senate Finance Committees, their respective fiscal office staffs, and any other interested parties should not hesitate to reach out to myself, Joseph Codega Jr., Budget Officer, Office of Management and Budget; Dorothy Pascale, Acting Director of the Pandemic Recovery Office, Department of Administration; or, Kimberly Ahern, Policy Director, Office of the Governor.

The remainder of this memo provides a summary of each project, outlining the policy intent, proposed objects of expenditure, notes regarding implementation and administration, and a preliminary review of federal funds compliance considerations, along with other relevant information.

JC:21-Amend-20

cc: Sharon Reynolds Ferland, House Fiscal Advisor  
Stephen Whitney, Senate Fiscal Advisor  
James E. Thorsen, Director of Administration  
Dorothy Pascale, Acting Director, Pandemic Recovery Office  
Kimberly Ahern, Policy Director, Office of the Governor

## Project Descriptions

### **1. Broadband Infrastructure**

The Governor requests \$500,000 in federal funds from the state's allocation of the State Fiscal Recovery Fund (SFRF) for the purpose of developing a statewide plan to provide expanded broadband internet access to underserved households. Of this amount, \$400,000 will be utilized by the state to provide contractor support to conduct mapping and a needs assessment on statewide broadband infrastructure and capacity. The remaining funds support hiring a state broadband coordinator at the Commerce Corporation. It is anticipated that activities would be directed by the Executive Office of Commerce and coordinated with the Department of Business Regulation and the Commerce Corporation. These expenditures will ensure that the state is prepared to make best use of any future investment of ARPA funds.

These funds would be appropriated at the Executive Office of Commerce with proviso language stipulating that funds shall be used for broadband services which may include coordination, mapping, and development of a statewide plan to provide broadband access to unserved or underserved households and businesses.

The American Rescue Plan Act provides significant opportunities for broadband infrastructure investment, and this investment would lay the groundwork for thoughtful and deliberate future action. This initiative would allow the state to conduct preliminary activities such as documenting its greatest needs and developing strategies to pursue an equitable, accessible broadband infrastructure for targeted populations including K-12, public colleges, public housing authority residents, municipalities, seniors, and adults living with disabilities, and small businesses. The nature of broadband infrastructure is inherently complex, and Rhode Island is already at a disadvantage relative to peers in that the state lacks a current broadband strategic plan. Immediate appropriation of these funds would allow for planning work to begin immediately, so that future appropriations can be informed by adequate technical knowledge and understanding of the current baseline.

The Budget Office has considered alternative funding sources. Both the ARPA Capital Projects Fund and State Fiscal Recovery Fund include broadband investments as presumptively eligible categories. Additionally, the potentially forthcoming Infrastructure Investment and Jobs Act (IIJA) being considered in the United States Congress allocates significant funding specifically for broadband infrastructure. The current legislative text of the IIJA includes a requirement for state matching funds. State matching requirements are a common provision in federal awards which typically must be satisfied with *state* resources; however, the broadband funding proposed in the IIJA allows for an exception that the state may utilize any CARES Act, Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), or ARPA funds to satisfy the 25 percent state match. In this way, an investment of SFRF has the potential to offset what might otherwise require appropriations of general revenue. Additionally, the coordination made possible by this investment could help to organize the various broadband and internet-access related investments made possible by recent federal awards including \$1.5 million of Community Development Block Grant – CV (CDBG-CV) awards being deployed by the Office of Housing and Community Development and other investments by the Office of Healthy Aging so that future investments could proceed in coordinated fashion.

The requested expenditures would be a compliant use of State Fiscal Recovery Funds under the U.S. Department of the Treasury Expenditure Category<sup>1</sup> for infrastructure, under the subcategory of other broadband investments. Under the interim final rule, eligible projects are expected to focus on locations

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<sup>1</sup> All references of 'Expenditure Categories' refer to the State Fiscal Recovery Fund eligible expense categories, as outlined in the Interim Final Rule and subsequent guidance published by the U.S. Department of the Treasury.

that are unserved or underserved. The project explained above will allow the state to target further broadband investment to those communities.

## **2. Child Care Initiative**

The Governor requests \$13.0 million in federal funds from the state's allocation of the State Fiscal Recovery Fund for the purpose of providing necessary funding to the child care industry in order to retain existing providers, attract new providers, and meet the immediate needs of this essential industry. Child care has faced challenge and disruption during the pandemic, which has had consequences not only for industry participants, but for Rhode Island families, labor force, and employers. Of the total requested appropriations, \$12.7 million would be reserved to provide semiannual bonuses, not to exceed \$1,000 per award, and \$2,000 annually per recipient to full- and part-time staff of state-licensed child care providers in FY 2022. The remaining \$300,000 would be reserved to provide assistance to providers seeking to open new Family Child Care provider sites, including \$2,000 startup grants. In addition to the startup grant, recipients would be eligible for forgiveness of fees otherwise paid to state entities, such as licensing fees paid to the Department of Human Services and child abuse and neglect background check fees paid to the Department of Children, Youth, and Families. Fee forgiveness would result in forgone state revenue and would not be backfilled by SFRF. Additionally, a portion of the budgeted amounts would be expended to provide technical assistance for new Family Child Care providers and to cover costs of administration.

These funds would be appropriated to the Department of Human Services with proviso language stipulating that the funds are to be used for semiannual child care provider retention bonuses and startup grants to newly established Family Child Care providers. The proviso language further empowers the directors of the Departments of Human Services and Children, Youth, and Families to waive fees otherwise assessed upon child care provider applicants who have been awarded the Family Child Care provider startup grant.

This initiative also directly addresses critical needs resulting from labor shortages in the child care industry. The child care industry provides an essential service to Rhode Island families, and the uninterrupted operation of child care providers is critical in getting Rhode Islanders in all industries back to work. When considering the benefit to the child care provider workforce, it should be noted that nearly all early childhood educators are women and women of color. Child care provider entities are typically small businesses themselves, which are an integral component of the Rhode Island economy. Issuance of direct supplemental payments to child care workers is a promising practice. Nationally, more than 15 states have existing wage supplement programs for early childhood educators, which have proven effective at supporting retention in the field. Additionally, several states, such as Illinois, Colorado, and Michigan, are making targeted child care workforce investments using stimulus funding.

This investment provides a cost-effective means of expanding the state's child care capacity by offering grants to offset the startup costs for new Family Child Care providers. In addition to covering these costs, DHS will provide technical assistance to new providers to ensure that they have strong business models and are opening high-quality programs that serve CCAP families and participate in the state's Quality Rating and Improvement System (QRIS) system. Especially during the pandemic, Family Child Care providers (i.e. "home-based") have been an in-demand option for many Rhode Island families, and this initiative would provide for expansion to help satisfy existing demand. Immediate appropriation of these funds will allow the state to provide a timely response to an ongoing and urgent crisis.

All discretionary funds received by DHS across CARES, CRRSAA and ARPA have been obligated. In addition, CRRSAA-funded child care stabilization grants were disbursed to providers throughout the spring and summer of 2021, and an additional \$56 million in ARPA grants will be disbursed to providers in November 2021.

The requested expenditures would be a compliant use of State Fiscal Recovery Funds under the Expenditure Category of aid to other industries disproportionately impacted by the public health crisis.

### **3. DCYF Provider Workforce Stabilization**

The Governor requests \$12.5 million in federal funds from the state's allocation of the State Fiscal Recovery Fund for the purpose of providing workforce stabilization payments to the direct care staff of the service provider organizations (both congregate care and community-based providers) in contract with the Department of Children, Youth, and Families (DCYF).

These funds will provide for one-time (FY 2022 only) supplemental wage payments to recognize the extraordinary demands placed upon these essential workers during the pandemic as well as to incentivize retention and recruitment. Only employees earning less than \$75,000 would be eligible for supplemental wages. There are currently 37 DCYF-contracted service provider organizations employing up to 1,500 direct care workers whose wages would make them eligible for this wage supplement. The proposal provides for a payment equal to \$694.50 per month per eligible staff member and allows eligible employees to receive a full 12 months of payments including retroactive payments to the beginning of FY 2022. The request does not include any costs of administration as DCYF already has established relationships with service providers and modification to these agreements will not require additional resources. It is expected that DCYF will effectuate the supplemental wage payments by entering into agreements with provider organizations allowing for a temporary wage increase which must be passed on to the eligible employees and recruitment of staff.

These funds are to be appropriated to the Department of Children Youth and Families and proviso language in the requested appropriations bill stipulates that all funds shall be used for workforce stabilization supplemental wage payments to eligible direct care staff of contracted service providers.

Providers that contract with DCYF provide critical care to some of the most vulnerable children in the state, many of whom are victims of abuse and trauma, but current staffing shortages are at a crisis-level and are severely compromising the availability and quality of care. Without expanded support to the workforce, DCYF will continue to see decreasing availability of care to vulnerable children and youth; DCYF has seen a decrease in available beds for youth by 30 percent (87 beds total) since the beginning of the pandemic due to provider caps and site closures. The current shortage of placement capacity in state and out of state programs has resulted in youth being unable to be discharged from hospital psychiatric programs and has resulted in waiting lists to access services. As such, it has placed DCYF in jeopardy of violating the orders of the family Court in placing children and youth in residential treatment programs in accord with their treatment needs. Currently, DCYF's three residential treatment centers face challenges adhering to regulatory staffing ratios that are intended to ensure the health and safety of the children and youth.

According to an August 2021 report from the Rhode Island Coalition for Children and Families (RICCF), organizations are experiencing a 31 percent job vacancy rate overall, with a 36 percent vacancy rate in direct care positions and 25 percent vacancy rate in supervisory and clinical positions. These vacancy rates far exceed the national best practice rate of 10 percent and are considered unsustainable. A total of 75 percent of responding residential agencies and 38 percent of community-based agencies indicated that they have capped or reduced the census of youth they are able to serve because of staffing. Capped or reduced capacity threatens the youth in DCYF custody and threatens the department's ability to successfully fulfill its legislative mandate. Respondents indicated that residential programs are operating at 55 percent of contracted capacity, while community-based programs are operating at 64 percent capacity (full, budgeted capacity is typically between 80 and 90 percent, with variation among programs). Data indicate that community-based agencies currently have positions which have been vacant on average 11.3 weeks. Job

vacancies of this duration indicate that there are not enough viable candidates willing to work for the current wages levels community-based agencies can offer under the current rate structure.

DCYF contracted service provider organizations were not able to access stimulus funding made available through rate increases provided to adult providers, nor stimulus money made available to providers that direct bill Medicaid-reimbursable services. DCYF contracted congregate care services were provided workforce stabilization hazard pay funding during the summer months of the pandemic as well as PPP and CRF funding, but this funding was not on a scale provided to other similar, non-DCYF contracted services.

The American Rescue Plan Act did not appropriate any direct awards specific to families involved in the child welfare system. ARPA funding would provide temporary wage stabilization for the DCYF providers which is critically needed at this time. The wage stabilization will support the provider ability to recruit and retain staff.

The requested expenditures would be a compliant use of the State Fiscal Recovery Funds. Eligible Expenditure Categories may include premium pay or services to disproportionately impacted communities. U.S. Treasury has identified families and children involved in the child welfare system as a community that has been disproportionately impacted by COVID-19.

#### **4. Development of Affordable Housing**

The Governor requests \$15.0 million in federal funds from the state's allocation of the State Fiscal Recovery Fund for the purpose of incentivizing the development of affordable housing.

These funds are to be appropriated to the Executive Office of Commerce with proviso language indicating the intent that these funds shall be administered by RI Housing for the development of affordable housing units. It is the intent that requested appropriations would provide gap financing for the development affordable housing which will be awarded through a competitive application process to projects with needs unmet by existing state and federal funding opportunities. It is expected that projects with unmet needs could include otherwise qualified applicants of existing programs which were denied funding on the basis of over-enrollment as well as otherwise viable applicants with a financing gap which cannot be met with existing financing mechanisms.

This initiative intends to address the lack of housing development and affordable housing. The requested funding is intended to provide additional gap financing to projects which would otherwise be denied funding for existing opportunities including the Building Homes Rhode Island (BHRI) program and Housing Production Fund (HPF) based on over-enrollment. Additionally, this benefit may be layered on top of BHRI, HPF, federal Low Income Housing Tax Credits (LIHTC), or federal historic tax credits to provide additional gap financing. For example, the four percent LIHTC program is an important tool in affordable housing development, but a four percent subsidy is insufficient to cover a projected financing gap for many applicants. Enhanced gap financing made possible by additional SFRF funds may allow projects to commence which would not otherwise.

The Budget Office has examined alternative funding mechanisms, and discussions with the Executive Office of Commerce and related entities suggest that there is sufficient demand to justify additional funding. The first round of applications for BHRI, the program financed with \$50 million in the 2021 voter-approved bond authorization, received over \$54 million in requests – indicating an unmet demand. Immediate appropriation of funds will allow for additional projects to move forward immediately before the development opportunities languish.

The requested expenditures would be a compliant use of the State Fiscal Recovery Fund under the Expenditure Category of services to disproportionately impacted communities. The development of affordable housing for the benefit of low-income households and communities is an allowable use of SFRF, and the agency has indicated that the investment would be targeted at assisting individuals with an income below 80% of area median income.

### **5. Early Intervention Recovery**

The Governor requests \$5.5 million in federal funds from the state's allocation of the State Fiscal Recovery Fund for the purpose of assisting Early Intervention (EI) providers mitigate the economic impact of the pandemic, avoid further closures, and provide continued services to children with developmental needs.

These funds are to be appropriated to the Executive Office of Health and Human Services and proviso language in the requested appropriations bill stipulates that the funding is targeted to respond to a decline in enrollment for early intervention, family home visiting, and screening programs. Of the \$5.5 million, a total of \$4.5 million would be used to provide stabilization grants, and \$1.0 million would provide performance-based bonuses. Stabilization grant award amounts would consider revenue losses in FY 2021 and FY 2022, as well as the increased cost of service delivery. Uses of this grant would include activities such as funding for staff salaries and bonuses, technology for outreach and engagement, professional development, and COVID-19 safety supplies. Performance bonuses would be based on targets/metrics that include retaining staff, expanding access to services for families in need, and reducing disparities in coverage for Medicaid families and families of color. Participating programs will be required to commit to having 80 percent of all services delivered in person beginning in FY 2022.

This initiative intends to address the critical situation created by staffing shortages and limited provider capacity coupled with an anticipated increase in the number of children requiring services. Due to lack of staff, four of nine EI providers are currently closed to new referrals. In addition, referrals between FY 2019 and FY 2020 decreased by 15.3 percent, while 24 percent of families meant to receive services in 2020 either lost contact or exited from EI before completion of program goals. The social and economic repercussions of the COVID pandemic and their corresponding effects for mental health of parents and children, suggest a greater number of families that would benefit from EI services. Immediate appropriation of these funds will allow providers to reduce staff turnover rates, leading to improved service provision and outreach capacity serving an anticipated higher caseload of families.

The Budget Office has examined alternative financing mechanisms for this initiative and has found no suitable alternative. This investment would be complementary to a \$1.6 million investment financed by the Children's Relief Fund, administered through EOHHS. These funds have been committed to projects including re-hiring previously furloughed staff and increasing current system capacity to 85 percent, an increase of approximately 15 percentage points from June 2020 levels. While this funding did provide relief, it was not sufficient to meet ongoing needs and mitigated only a small portion of total losses incurred in 2020, providing no support for continued losses in 2021. The current proposed initiative would be a one-time infusion of funding to support access to services for families in need, but further investments will be needed to secure operations in the long-term.

The requested expenditures would be a compliant use of State Fiscal Recovery Funds under the public health services eligibility subcategory. As outlined above, the pandemic has impacted child development, increased risk of mental health issues, increased trauma and toxic stress exposure, inhibited social interactions that buffer against adversity, and interrupted access to services designed to address risks to healthy development and mental health.

## **6. Housing Stability**

The Governor requests \$1.5 million in federal funds from the state's allocation of the State Fiscal Recovery Fund for the purpose of housing stability, dedicated to expanded housing navigation, stabilization, and mental health services for families and individuals. This appropriation would be supported by the contracted administrative and program management support capacity proposed under "Affordable Housing Capacity".

These funds are to be appropriated the Office of Housing and Community Development within the Executive Office of Commerce with proviso language that funds shall be used to expand housing navigation and stabilization services to address the rise in pandemic-related homelessness.

This initiative intends to address the strained homeless provider network, and immediate appropriation of these funds will allow assistance to be provided as soon as possible to address critical needs. The Budget Office has examined alternative financing mechanisms for this initiative and has found no suitable alternative. Emergency Rental Assistance program funds, for example, generally cannot be used to provide services to individuals experiencing homelessness because the program requires individuals to have ongoing rental obligations.

The requested expenditures would be a compliant use of the State Fiscal Recovery Fund under the Expenditure Category of services to disproportionately impacted communities. The program is narrowly tailored at providing housing navigation, stabilization, and mental health services for homeless individuals ineligible for the Emergency Rental Assistance program. Unhoused individuals have been identified by U.S. Treasury as a population that was disproportionately impacted by the pandemic.

## **7. Pediatric Healthcare Recovery**

The Governor requests \$7.5 million in federal funds from the state's allocation of the State Fiscal Recovery Fund for the purpose of pediatric relief programming. The funds will provide for stabilization grants to pediatric primary care practices as well as finance a pay-for-performance program to incentivize recovery.

These funds are to be appropriated to the Executive Office of Health and Human Services and proviso language in the requested appropriations bill stipulates that SFRF financing be allocated to support relief to pediatric providers in response to the decline in visitation and enrollment caused by the public health emergency. Of this amount, \$6.0 million is for stabilization and pay for performance funding to provide a meaningful incentive for pediatric primary care providers to improve performance on state defined metrics and drive investment into pediatric primary care to support the staffing and infrastructure needed to rebound from the COVID-19-related delays in care and to boost pediatric vaccination rates. An additional \$1.5 million will invest in enhanced socio-emotional and social determinants of health screenings.

Throughout the public health emergency many children and their families with behavioral health conditions and related developmental delays were unable to access services and family supports. This initiative would address the delay in receiving health services for children and respond to the additional behavioral health needs created and exacerbated by the public health emergency. Immediate appropriation of these funds will boost critical preventative care, such as vaccines and developmental screens, and engage services to address the trauma induced by the pandemic.

The Budget Office has examined alternative financing mechanisms for this initiative and has found no suitable alternative. This program will build on the successful CARES Act-funded pediatric relief programs to address the critical gap in preventative care that is harming children in Rhode Island, particularly publicly insured children and children of color. The requested expenditures would be a compliant use of State Fiscal Recovery Funds under the public health services eligibility subcategory. This pandemic has directly

impacted child development, increased risk of mental health issues, increased trauma and toxic stress exposure, inhibited social interactions that buffer against adversity, and interrupted access to services designed to address risks to healthy development and mental health.

## **8. Affordable Housing Capacity**

The Governor requests \$500,000 in federal funds from the state's allocation of the State Fiscal Recovery Fund for the purpose of temporary contract staffing support at the Office of Housing and Community Development (OHCD). The funds would provide for contract positions for an estimated six-month period focusing on areas such as research and data, stakeholder engagement, and a dedicated program director for homelessness programs.

These funds are to be appropriated to the Office of Housing and Community Development within the Executive Office of Commerce and proviso language in the requested appropriations bill stipulates that funds be used for the purposes of supporting contract staffing capacity at OHCD.

Currently, OHCD is involved in both planning and administration of efforts related to a wide range of housing efforts across the state. Such efforts include federally funded programs and include various Community Development Block Grants, the Neighborhood Stabilization program, and Emergency Shelter Grants, as well as state housing initiatives that include the general obligation bond funds approved by voters in 2016 and 2021, the Building Homes Rhode Island program, and the \$25.0 million Housing Production Fund created in the enacted FY 2022 Budget, as well as various initiatives addressing homelessness.

This initiative intends to address the limited staffing capacity at OHCD, which is a barrier to the state's ability to respond to the opportunities and challenges related to increasing the state's supply of affordable housing. Immediate appropriation of these funds would allow appropriate resources to be contracted to meet current surge in demand. The Budget Office has examined alternative financing mechanisms for this initiative and has found no suitable alternative, other than general revenue, as the nature of this investment is not consistent with the compliance requirements of other federal funds. This investment would be complementary to ongoing and planned investments financed by affordable housing bonds, the general revenue funded Housing Production Fund, and federally funded eviction diversion and homelessness programs.

Although this investment is related to the development of affordable housing units, the requested expenditures surrounding the personal and predevelopment work would be a compliant use of State Fiscal Recovery Funds only under the Revenue Replacement / Provision of Government Services category.

## **9. Site Acquisition Program**

The Governor requests \$12.0 million in federal funds from the state's allocation of the State Fiscal Recovery Fund for the purpose of a property acquisition grant program for affordable and supportive housing development. The funds would provide for a grant program administered by RI Housing. Immediate appropriation of these funds is necessary to begin the process of addressing critical, acute needs of Rhode Islanders experiencing homelessness and housing instability.

These funds are to be appropriated to the Executive Office of Commerce and proviso language in the requested appropriations bill stipulates that funds shall be allocated toward the acquisition of properties for redevelopment as affordable and supportive housing.

This investment would be complementary to ongoing and planned investments financed by affordable housing bonds and the general revenue-financed Housing Production Fund. Funds from the U.S. Department of Housing and Urban Development's HOME program could also be used to supplement any

future projects for site acquisition, site improvements, demolition, relocation, and other strategies to increase homeownership and affordable housing opportunities in low-income areas.

The requested expenditures would be a compliant use of the State Fiscal Recovery Fund under the Expenditure Category of services to disproportionately impacted communities. The program will fund the acquisition of properties for redevelopment as both affordable and supportive housing for the unhoused. The development of affordable housing for the benefit of low-income households and communities is an allowable use of SFRF, and the agency has indicated that the investment would be targeted at assisting individuals with an income below 80% of area median income.

#### **10. Small Business and Impacted Industry Financial and Technical Assistance**

The Governor requests \$32.0 million in federal funds from the state's allocation of the State Fiscal Recovery Fund for the purpose of providing direct financial assistance and technical assistance to small businesses and impacted industries. Of this amount, \$12.5 million would provide direct grants offering immediate financial support to small businesses and industries affected by the pandemic with the aim of delivering 20 percent of these funds to minority owned businesses, \$10.5 million would provide technical assistance to support businesses and hard-hit industries in capacity building, navigating the pandemic, and upgrading technical infrastructure, \$7.5 million would provide support for increasing outdoor activities, maintaining clean and safe business districts, and for public health improvements like HEPA filters and ventilation, and \$1.5 million would cover costs of administration.

These funds are to be appropriated to the Executive Office of Commerce and transferred to Commerce RI for administration. Proviso language included in the requested appropriations bill stipulates that funds shall be allocated to a program of financial and technical assistance to small businesses and COVID-impacted industries.

Immediate appropriation of these funds will allow programming to be initiated beginning approximately 90 days after funding is approved. While a variety of federal resources have been made available to small business and impacted industries, including the Paycheck Protection Program, the Economic Injury Disaster Loan program, the Restaurant Support Program, Restore RI, these programs have ended, or funds have been fully committed.

This initiative intends to address the impacts of the pandemic on small businesses. Direct financial assistance would provide small businesses with cash resources necessary to invest in staying afloat despite the past and ongoing challenges of the pandemic economy. Technical assistance would provide businesses with supports necessary to emerge from the pandemic stronger than ever, and may include grants, vouchers for services, direct provision of services (e.g. to upgrade point-of-sale systems, website and e-commerce development, information technology systems improvement, and digital literacy), and technical training. Furthermore, the Commerce Corporation would provide these technical assistance services in partnership with a network of local small business providers and small business community development entities. Finally, public health improvements and support for outdoor activities would confer benefits to the businesses themselves as well as the community at large. There is continued interest in boosting ventilation and increasing capacity for outdoor activities in the context of emerging COVID variants and this initiative would build on prior efforts such as the Commerce Corporation's "Take it Outside" campaign.

The requested expenditures would be a compliant use of State Fiscal Recovery Funds under the Expenditure Category of addressing the negative economic impacts of the public health crisis. U.S. Treasury has identified small businesses as having been disproportionately impacted by the pandemic. The agency has built into the program design the ability to demonstrate with data that (1) the small business and specific

industries receiving assistance were in fact negatively impacted by COVID and (2) how the particular aid provided responds to those impacts.

### **11. Tourism, Hospitality, and Events Industry Supports**

The Governor requests \$13.0 million in federal funds from the state's allocation of the State Fiscal Recovery Fund for the purpose of supporting the recovery to the travel, tourism, and events industries. Of this amount, \$8.0 million will provide direct grants to support tourism, hospitality/travel, sports/recreation, arts/cultural, and event businesses that either did not take advantage of previous opportunities for federal funding or require continued assistance. Another \$3.0 million will be used to fund subawards to intermediaries (including municipalities, chambers and business improvement districts) for placemaking initiatives (e.g. public art installations, main street improvements, public or co-shared dining spaces, outdoor performance venues, etc.) and the development of COVID-safe programming including outdoor events and online programming. The remaining \$2.0 million would fund tourism marketing to be coordinated with the tourism regions and Rhode Island Airport Corporation.

The requested funds would be appropriated to the Executive Office of Commerce and transferred to Commerce RI for administration. Proviso language in the requested appropriations bill stipulates that funds shall be allocated to a program of assistance to the tourism, hospitality, and events industries.

This initiative intends to address ongoing negative impacts of the pandemic on these industries, including losses from business closures and decreased travel rates. Immediate appropriation of these funds would allow programs to be launched approximately 60 days after funding is approved. While a variety of federal resources have been made available to businesses in the impacted industries, including the Paycheck Protection Program, the Economic Injury Disaster Loan program, the Restaurant Revitalization Fund, the Shuttered Venue Operators Grant Program, the Hotel, Arts and Tourism Grant program, and Restore RI, these programs have ended, or funds have been fully committed.

The requested expenditures would be a compliant use of State Fiscal Recovery Funds under the Expenditure Category of addressing the negative economic impacts of the public health crisis for industries disproportionality impacted. The project demonstrates with data (1) that the hospitality, events, and tourism industries receiving assistance were negatively impacted by COVID and (2) how the particular aid is responsive and proportional to those impacts.

1 *It is enacted by the General Assembly as follows:*

2 SECTION 1. Section 16 of Article 1 of Chapter 162 of the Public Laws of 2021 is hereby  
3 amended to read as follows:

4 The appropriations from federal funds contained in Section 1 shall not be construed to mean  
5 any federal funds or assistance appropriated, authorized, allocated or apportioned to the State of Rhode  
6 Island from the State Fiscal Recovery Fund, and the Coronavirus Capital Projects Fund enacted pursuant  
7 to the American Rescue Plan Act of 2021, P.L. 117-2. For fiscal year 2022, State Fiscal Recovery Fund  
8 monies apportioned to the State of Rhode Island pursuant to the American Rescue Plan Act of 2021,  
9 P.L. 117-2, are hereby appropriated in the following amounts for the stated departments and purposes  
10 set forth below. The state controller is hereby authorized and directed to draw his or her orders upon the  
11 general treasurer for the payment of such sums or such portions thereof as may be required from time  
12 to time upon receipt by him or her of properly authenticated vouchers.

13 Executive Office of Commerce \$74,500,000

14 Of this amount, \$32,000,000 shall be allocated to a program of financial and technical assistance  
15 to small businesses and COVID-impacted industries, \$15,000,000 shall be allocated under the  
16 administration of the Rhode Island Housing and Mortgage Finance Corporation to the development of  
17 affordable housing units, \$13,000,000 shall be allocated to a program of assistance to the tourism,  
18 hospitality, and events industries, \$12,000,000 shall be allocated toward the acquisition of properties for  
19 redevelopment as affordable housing and supportive housing, \$1,500,000 shall be allocated to  
20 expanding housing navigation and stabilization services to address the rise in pandemic-related  
21 homelessness, \$500,000 shall be allocated to broadband services which may include coordination,  
22 mapping, and development of a statewide plan to provide broadband access to unserved and underserved  
23 households and businesses, and \$500,000 shall be dedicated to expanding programmatic and  
24 administrative capacity for affordable housing in Rhode Island.

25 Executive Office of Health and Human Services \$13,000,000

1           Of this amount, \$7,500,000 shall be allocated to support relief to pediatric providers in response  
2 to the decline in visitation and enrollment caused by the public health emergency.

3 Of this amount, \$5,500,000 shall be allocated to early intervention providers in response to a decline in  
4 enrollment for early intervention, family home visiting, and screening programs.

5           Department of Children, Youth, and Families                   \$12,500,000

6           This amount in its entirety shall be allocated to support workforce stabilization supplemental  
7 wage payments to eligible direct care and supporting care staff of contracted service providers.

8           Department of Human Services                                   \$13,000,000

9           Of this amount, \$12,700,000 shall be allocated to pay semiannual retention bonuses for direct  
10 care staff at child care centers and licensed family providers in response to pandemic-related staffing  
11 shortages. A total of \$300,000 shall be reserved for family child care incentive start up and technical  
12 assistance grants. The Director of Human Services and the Director of Children, Youth and Families  
13 may waive any fees otherwise assessed upon child care provider applicants who have been awarded the  
14 family child care provider incentive grant.

15           SECTION 2. This act shall take effect upon passage.